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ABSTRACT

The symposium was conducted to provide a forum for the interchange of ideas on the various forms of private and government resources, to offer an opportunity for mutual discussion of concrete problems and potential solutions, and to issue a report for the information of officials and specialists of private agencies. The participants at the symposium were scholars, businessmen, representatives of non-profit organizations, and government officials. The talks and panels which have been gathered in this document concerned such problems as manpower and employment policy and the private sector, the role of private resources in developing countries, joint participation by private resources and governments of developing countries, U.S. policies and programs, private resources and development of specified sectors, and the relationship of U.S. private resources, U.S. Government, and governments of developing countries. (BC)

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U.S. DEPARTMENT OF LABOR
MANPOWER ADMINISTRATION
International Manpower Institute

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SYMPOSIUM on MANPOWER and PRIVATE RESOURCES

APRIL 3-5, 1968 WASHINGTON, D.C.

Conducted by THE INTERNATIONAL MANPOWER [illegible]
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THE INTERNATIONAL MANPOWER INSTITUTE

Under sponsorship of
Agency for International Development
U. S. Department of Labor

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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FOREWORD

The International Manpower Institute conducted a Symposium on Manpower and Private Resources, April 3-5, 1968, sponsored by the Agency for International Development and the Department of Labor.

The purpose of the symposium was threefold: (1) to provide a forum for interchange of information and views among the various forms of private resources and the U. S. Government; (2) to engender mutual discussion of concrete problems and potential solutions, including pragmatic ways in which the various groups may assist each other; and (3) to issue a report for the information and guidance of officials and specialists of private resources and governments in the U. S. and in developing countries throughout the world.

Scholars, businessmen, representatives of nonprofit organizations, and government officials participated in the panels, case discussions, and informal talks.

No formal papers were presented. The material in this report represents the talks given at the symposium, edited to delete repetitive phraseology but to maintain, nevertheless, the personal, informal flavor of the sessions.

These proceedings were prepared in the International Manpower Institute by Morris Pollak and Abraham Abramowitz, with the technical assistance of Juanita D. Ransom.

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SYMPOSIUM
ON
MANPOWER AND PRIVATE RESOURCES

WASHINGTON, D. C.
April 3 - 5, 1968

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WEDNESDAY, APRIL 3, 1968

KEYNOTE ADDRESS

William G. Carter, Associate Assistant Administrator, AID

Taking as a given assumption that private resources have an enormous role to play in manpower development, indeed in the whole process of economic and social development, let us try to focus our efforts on understanding more clearly the actual activities and the institutional relationships involved in the very complicated interactions between the players in the game.

There are a number of players; each has different institutional thrusts, different financial and policy constraints on what it can do, presenting at times a very confused picture. However, I believe that some of these elements are beginning to fall into place.

A preliminary word about semantics. It is useful to remind ourselves of how easy it is for the particular adjective, phrase, or descriptive designation we are accustomed to give to our business to limit our understanding and block communication. The same underlying activity can be subsumed under different labels, for example: "manpower and private resources," "private resource development," "development of private institutions," "economic and social development," "private enterprise." The danger is that because we use these different names to categorize our several special interests the underlying identities of the relationships involved will not be perceived.

In the late 1950's we went from a strong emphasis on technical assistance in our overseas programs, characteristic of the Point IV era, to an equally strong emphasis on capital assistance. Much of the energy of foreign agencies, planning bodies and multilateral agencies was concentrated on aggregate macroeconomic indicators. As a result, there was a general downgrading of technical assistance in program terms, although not at the verbal, exhortatory level. In part, this was due to the difficulty of aggregating outputs of technical assistance. Development of aggregate social indicators has lagged far behind the development of useful economic indicators. I believe the pendulum is swinging back and will continue to swing, that we now have a better balance.

One of the signposts has been increased programs (not just verbal) emphasis on private resources in our development efforts and a correlative increase in emphasis on private institutional development in the LDC's as a priority objective. Too many people involved in development programs have had a sort of "tunnel" vision of development in which the only significant efforts were those carried on through the government-to-government pipeline. The myriad of developmental activities by self-programmed, self-financed voluntary agencies and other private organizations were considered, when considered at all, as "do-good" and therefore totally peripheral to the real heart of the matter.

My basic thesis is that these private organizations and voluntary agencies have very much to do with the heart of the matter. The job of those of us in government working in the developing areas should not be defined as striving to make the best allocation of the increasingly limited resources which we receive from the Congress among government-funded projects, but rather as striving to make the best allocation of appropriated resources to get the maximum effective total flow of United States resources, private and public.

Let me illustrate. In the conventional system an AID mission, after a complicated process of governmental exchange, comes up with, for example, a manpower development project. The Mission specifies the outlines of the project and the objectives, and AID funds the project completely, either under a Participating Agency Service Agreement (PASA) with the Department of Labor or a contract agreement with one of our cooperative contractors, private enterprises, or universities. Our system is designed to improve the probabilities that we make wise decisions on how to spend the Government's money among competing project proposals. As complicated as this may be, I think we need to inject an additional dimension. We must ascertain if there are ways in which we spend our money which will attract additional private resources and put a larger total to work.

This requires opening up people's minds to accept a broader view of the relationship between government programs and private programs, inevitably a difficult task. We all become accustomed to thinking about things in conventional ways and it is hard to change. A good place to start is at the top and that's where we have started.

AID Policy Determination No. 37, signed by our Administrator, William S. Gaud, in 1967 is a major milestone. I want to read to you a section of it called, "AID's Role with Respect to Non-AID Resources in the Total Foreign Assistance Effort."

> "AID is just one part of the total foreign assistance effort. It has always recognized the importance of other free world and multilateral aid donors. It must now pay increased attention to the valuable resources available from U. S. non-Federal aid donors. These include the business community, voluntary agencies, the universities, community groups, foundations, unions, farm organizations, cooperatives, and state and local governments.
>
> "AID furthers the total foreign assistance effort to developing countries through three means:
>
> 1. It assists developing countries to coordinate diverse aid donors (i.e., both private and official), encouraging such donors to provide assistance and identifying, where necessary, suitable opportunities for assistance by U. S. non-Federal aid donors.
>
> 2. It finances or provides financial incentives for the provision of skills or resources to the developing countries by U. S. entities other than AID.
>
> 3. It uses its own personnel to assist developing countries.
>
> AID must act as a catalyst to stimulate others to provide assistance to the developing nations. In all fields and all assisted countries, AID must, therefore, be fully aware of the total range of potential aid donors, whether U. S. non-Federal, multilateral or foreign."

AID has by no means fully absorbed and acted on the impact of this policy. However, solid progress is being made. Let's look at the range of improved relationships between official aid and private U. S. groups that is developing.

A review of AID program material generated by our Missions, regional bureaus and staff offices shows that, imperfect as it is, our descriptive and analytical views of the countries in which we operate are quite good. We have developed a pretty fair ability to lay out the requirements, the needs, strengths and weaknesses of the institutions in developing countries. We do not, however, make good use of this material to provide program guidance to private assistance programs. Right here there is an important, as yet unrealized, potential for using the analytical abilities and material of the foreign aid personnel in the field to identify the needs for technical assistance which can best be carried out by private organizations outside the context of AID-financed activities.

In other words, the government structure abroad can to a considerable extent serve as a program office for the great multiplicity of private U.S. organizations working for the less-developed countries (LDC's). Some of these are very small. They do not have broad analytical capacity but they do have the motivation and the resources, within well-defined areas, to do real things about real problems. This is one of the jobs we are now trying to do. In the Office of Private Resources, this is the responsibility of the Planning Division.

Secondly, we must communicate these opportunities to private technical assistance groups in a systematic, useful, meaningful way. A beginning has been made. Our internal unit charged with this part of the job is the Liaison Division.

This, then, is a way in which, expending no more government resources than the staff time involved, a substantively improved relationship between government and private assistance can be obtained. I would like to turn now to that point on the spectrum where words can no longer do the trick and we have to start looking at financial relationships, that is, the use of appropriated funds to generate a multiple of private resources.

Here we have some lessons to learn from the history of government encouragement to private investment overseas. Since the very early days of the Marshall Plan, it has been generally accepted that a desirable and appropriate function of official U.S. aid programs is to encourage and offer incentives, through some form of financially significant support, to U.S. private investment. Only very recently, however, has there been a growing awareness that the same rationale and consideration can, and should, be applied to private technical assistance.

For the most part, AID has conceptualized only two basic kinds of relationships with private organizations (other that private investors). One is "hands off" with some verbal acknowledgement that the privately managed programs are a "good thing," or, alternatively, as actual or potential contractors to implement official AID projects.

My main thesis today is that the framework now exists for the explicit articulation and development of a different type of financial relationship with private organizations, based upon partial grant support by the government of privately managed programs of technical assistance. This Symposium can make an important contribution by helping to identify more precisely than we have yet done the criteria for such a grant relationship.

Let me describe briefly where we stand now and how we got there. The first point to note is that we have been able to develop a new conceptual framework by extracting some general principles from a series of _ad hoc_ arrangements.

One of these, already mentioned, is the experience with the use of government funds and credit--i.e., guaranties--to generate private investment funds.

Payment of ocean freight subsidies to the registered U. S. voluntary agencies is another long standing program illustrating the use of taxpayers' money to get a multiple transfer of resources. According to available statistics, for every dollar of ocean freight that we pay, commodities collected by these agencies valued at $20 moves overseas, a pretty good cost-benefit ratio. It should be noted that in recent years the programs of these agencies have become increasingly developmental as contrasted to earlier years when they were primarily relief and rehabilitation programs.

Another example is the International Executive Service Corps (IESC), an organization which is receiving a very substantial part of its financing from AID on a program grant rather than a project contractor basis. The IESC operates its own programs, selects its own projects, and carries full responsibility for the management of those projects and the achievement of program objectives. Periodically, we review the program with them--but instead of telling them what to do, as a contracting agency tells a contractor, we make a judgment of whether it makes sense for us to _support_ rather than direct their activities. In this case, the amount of contributed resources, mainly from U. S. industry, is increasing. Without attributing any value to the volunteer services, cash in the operation is currently about 38 percent private and 62 percent governmental. When we ascribe a value to the service of the Corps' volunteers, the distribution of public-private contributions is about 50-50. The percentage of the IESC's cash contribution continues to increase as the program takes hold in the minds and imaginations of U. S. business.

In the past official aid programs have found it very difficult to provide meaningful assistance to existing enterprises in the LDC's as the

IESC is now doing. Our efforts were limited in scope and generally ineffective. We are now achieving a significant AID development objective through partial funding of a privately managed effort. This type of relationship has, I believe, enormous relevancy in many areas of manpower training.

Two of the major U. S. savings and loan industry associations are putting a significant amount of their resources into voluntary programs. Until very recently, however, neither they nor we had ever seen any possibility of an intermediate relationship between their self-managed, self-funded efforts overseas on the one hand and a conventional contractor relationship with AID on the other. We are exploring that possibility now.

Generally, we are attempting to identify and agree upon program objectives that can most appropriately and effectively be carried out by private organizations, and test whether the availability of a partial incentive grant from AID can be used as an effective base for an appeal among their constituents for increased contributed participation, both in people and cash, in overseas technical assistance.

Some of the specific criteria which we would have to apply to this new relationship are already fairly clear: (1) We must determine that the organization has the capability and the motivation to carry out a program; (2) We must determine that their abilities and motivations are to be directed to areas of development with a high priority; (3) We would have to determine that direct relationships between the private organization in this country and its counterpart private organizations in the less developed countries will be more fruitful than a relationship which filters through the conventional government-to-government pipeline; (4) We would have to determine that there will be a multiplier effect to ensure that this use of the appropriated dollar would generate an identifiable expansion of the privately financed and managed program.

The climate, the understanding, the willingness to face these problems, and to experiment with different relationships are now present in a way they have not been present in the past. In my judgment, this is the freshest thing in the foreign aid business in terms of improved effectiveness in supporting private institutional development in the LDC's.

Moreover, I feel sure that relationships of this sort will result in a much more knowledgeable, healthy, direct sense of involvement by private U. S. organizations in the problems of development overseas. This involvement in itself is desirable, even necessary, if as a nation we are to continue to meet our responsibilities abroad, both to the LDC's and to ourselves.

Let me turn now to what many will see as a major problem--the question of control and accountability. It is not easy for any bureaucrat to give up any significant measure of control of the money for which he is responsible--the kind of really detailed control implicit in contractual relationships. In a sense, he is being asked to take a flyer under the kind of arrangements I have been discussing. The question is whether the prospects of improved performance in developmental terms and net increase in resource transfer are sufficiently real to take that flyer and to see what it produces.

I think there is strong evidence that the payoff is worth some risk, particularly in relationship to the private institutional elements involved in achieving the objectives of Title IX of the Foreign Assistance Act. An essential element of Title IX is private institutional development, and I have a deep conviction that a U. S. private institution with motivation, capacity and resources is most apt to be successful at developing and strengthening counterpart private institutions in the developing countries when it is working directly with those institutions rather than as part of a government programmed project. The approach which I have outlined is a way to use appropriated moneys to broaden and strengthen these activities. We should use it, indeed we must use it, if the full objectives of the Congressional mandate are to be realized.

The Symposium could make a major contribution by identifying more precisely the questions that inevitably are raised in relation to grant financing. For example, how much control, what kind of audit provisions, how to preserve the basic independence of the private organization, and still be accountable to the GAO and Congress? The difficulty is clear--the precise values you are after--independence of judgment and independence of responsibility, flexibility and quick response to changing circumstances--are largely nullified by the conventional system of control which has grown up in large part because of the fear of criticism.

Let me refer you to two immensely stimulating articles by Alan Pifer, President of the Carnegie Corporation, called "The Non-Governmental Organization at Bay" and "The Simulated Non-Governmental Organization," both directly relevant to my propositions this morning and, in closing, quote the last paragraph in "The Non-Governmental Organization at Bay."

> "Government acceptance of a shared responsibility for the financial health of those nongovernmental organizations on whose services it most depends would not solve the problem of how other organizations, not linked to government, are to be adequately financed in the world of tomorrow. But it would be a specific response to the pressing difficulties of at least some

> of our most valuable private agencies. If we want to avoid an ever more extensive and powerful Federal Government, it would seem that we must now, paradoxically, use federal money to insure that we have a viable alternative--a network of vigorous, well-financed, nongovernmental organizations ready to serve government but able, in the public interest, to maintain their independence of it. This further financial burden on government may be unpalatable to many. But the logic of it is hard to escape."

It seems to me that going from where we now are in our development programs overseas towards improved national performance requires the acceptance of that logic.

Thank you.

* * * * *

DISCUSSION:

Mr. Culbreth: I think it is a very fundamental shift you have emphasized, and I wonder if you care to say a few words to identify the motivation or the type of support from a national standpoint that you see in making this shift. What do you feel is the real potential behind this, not only in AID but in the whole relationship with governments all over the world?

Mr. Carter: It is my view that this new relationship is perhaps a way to do what Congress has been telling us to do for years, which is to get as much of the job done as possible by the private sector in the United States, giving the broadest possible definition to the phrase "private sector." I believe that there would be enthusiastic support in Congress for an articulated program of the sort I am talking about.

Within the world of the developmental specialists, I think we are seeing a meaningful shift from purely econometric analysis to the qualitative social analysis of the problems of the developing countries.

Popular participation--the Title IX thrust--is now deeply felt by many development organizations to be a desirable thing, in a way they would have thought inconceivable five years ago. The climate of opinion is shifting on this subject.

For instance, around a particular factory or in a particular town or region of a developing country, you may have a lot of things going on which are what have been counted as contributing to national development.

Nevertheless, the great bulk of the people in such a country may not be participating in any meaningful way in the changes which, at an aggregate economic indicator level, are taken as progress. This is often referred to as the problem of development enclaves. A good sign is that the econometric philosophers of development are increasingly acknowledging this as a major problem.

One of the great difficulties which technical assistance people have had for years, and still have, is that much of what we are talking about does not readily lend itself to statistical indicators.

There is a qualitative, indeed sometimes philosophical element involved in judgments about the strength, weaknesses, needs, stage of development and sense of popular participation in developing countries--including our own--which has very largely eluded developmental specialists. Constructing meaningful indicators for these institutional questions is an enormously important problem. I am encouraged to find that experts who have for years been quite happy to focus only on gross national products, domestic savings rates, government budgets, etc., are now beginning to give serious attention to this problem of social indicators.

Generally, foreign aid is thought of as a government-to-government handout program. First: it is not a hand-out. Second: in many respects, it is not government-to-government--at least within the ordinary connotations of that phrase. Examination of our government aid programs shows that a great percentage of our capital assistance and our technical assistance is aimed at private institutional--private sector development and involvement.

In most cases, however, such assistance goes through a very complicated multi-staged process of government-to-government negotiation or project definition phase. To that extent, official AID programs are certainly "government-to-government" programs. Here is one of the positive values of the kind of privately-managed, government-supported programs I have been talking about. They break away from the broad government-to-government image and provide an important sense of personal involvement which inevitably leads to broader understanding and support of the total national effort.

Mr. Draper: I would like to refer to the problem of the absorptive capacity of developing countries and to the statements of Mr. George Woods of the World Bank made in Rio last year. Mr. Woods stated that of the total new funds and human resources that would be coming in from the international agencies for development country financing, two-thirds would be used for in-depth services. This is a very critical and clear indication of the lack of absorptive capacity of capital which in turn relates to productivity in the use of capital and human resources. Can the manpower elements and improvement of the absorptive capacity of the developing countries be related?

Mr. Carter: I do not know the answer to that. I do not consider myself to be an expert, by any possible definition, in manpower resources and planning. I do have a feeling that development specialists often have a vision of the perfectability of planning and resource allocation that inevitably must fall far short of accomplishment.

We are often led up the garden path by a sensed ability to do more overall planning than in fact we can ever possibly do. Too much of our energies are sometimes involved in identifying and worrying about those problems with not a sufficient portion of the total effort devoted to finding ways to get more people involved.

To be provocative, let me give you what I call the "pebble-stucco" theory of private institutional development: take a large amount of resources, throw them into the developing country to work with counterpart organizations, and see what sticks. This is quite relevant in relationship to Title IX. The appropriate role for official, conventionally programmed aid in strengthening private institutions is to concentrate the total aid leverage on helping create a governmental climate in the LDC that encourages rather than inhibits pluralistic, independent private institutions. The role of the U. S. government and non-governmental relationships I have outlined today is to facilitate direct private to private relationships.

Apropos of the "pebble-stucco" theory, it is most interesting that what are considered to be the outstanding success stories in our foreign economic assistance efforts are countries where, for reasons that have nothing to do with the ordinary programming process, an enormous amount of resources were made available with some inevitable inefficiencies.

In Greece, Israel and Taiwan, this was the case.

Mr. Mirel: We came up with a plan along the lines of what you said, about eight or nine months ago, and did a lot of talking with people in AID about implementing it. That was one of the more frustrating experiences of my life. I do not know whether we did not see the right people or we did not say the right things or we were too early.

Mr. Carter: Perhaps a little bit of all of those things.

Mr. Mirel: Part of it is that our company has not done anything overseas yet. We do not have any offices or operations overseas. We wanted to transfer to the overseas area some of the things done with Indian reservations in this country that we think have applicability.

There are many different kinds of frustrations. Let me just mention one because I think it is significant. In Washington, people with whom we talked, including many who thought we had some good ideas, said they could not do anything because everything had to start from the field. That was fine, except that we had no way of getting to the field. I went so far as to go to a conference in Caracas and talk to people who were there from all over Latin America. Again, many people were interested, and invited me to come back to their national capital to meet with 30 other people. The company does not have this kind of resources, although it is large. I am sure a smaller one would probably have more trouble. We cannot send people all over the world on the chance that they might come up with an idea here or there. Is there some way that AID could be more helpful in this area?

Mr. Carter: Let me generalize your question a little bit by touching on one of the ideas that has been around for a long time. It is how to experiment with the possibilities of applying a systems approach towards problems of development, drawing on the techniques largely developed in the United States.

This has been very difficult to move forward from a central point in the agency and for a reason directly applicable to your question. Originating project proposals in the field is a deeply felt principle of AID organization and procedures and was, in fact, an underlying principle in putting the organization together in 1961. While for most purposes it is better than the previous situation, it does create problems in dealing with innovative proposals not worked out in response to specific country situations.

We have been experimenting, to some extent, at an increased rate over the past year or so. For example, we hired, on a contract basis, an aerospace firm to do a "systems approach" study of an integrated transportation system for an African country.

We learned from that contract experience that the analytical techniques used by this industrial firm were very good and the contractor learned a lot about the aid business. The African Bureau in the Agency is considerably more sophisticated now than they were in the past. Our office is helping to transfer that sophistication to the rest of the Agency. Let me hasten to add, however, that one of the main reasons progress is so slow comes from the private side. I have looked at a great number of proposals of aerospace firms for projects using the systems approach in transportation, communication, manpower training and other fields. Far too many of them have been all jargon and process showing little or no awareness of what the less developed countries are, what the people are like, what the institutions are like and where the interdisciplinary inputs are to come from. In short, they show no real knowledge of the substance of development.

At the same time, on the AID side, we often make a comparable mistake in that we are prone to assume that methods of dealing successfully with the hard sciences, physical products, and enormously complex physical inputs have no applicability when you are dealing with attitudes, motivations, and institutional human structures. In short--to draw on a useful French saying--there has been a dialogue between deaf people. Progress is being made, although more slowly than I would like to see.

ACTIVE MANPOWER AND EMPLOYMENT POLICY AND THE PRIVATE SECTOR

Burnie Merson, Chief, Planning and Evaluation Division,
Office of Labor Affairs, AID

My goal is to voice an opinion on the role of the private sector within the concept of an active manpower and employment policy. The point of view is that of a country committed to achieve and maintain high levels of productive employment.

Most underdeveloped nations face a situation of widespread unemployment, underemployment and low productivity which significantly contributes to their poverty, misery, unrest and inadequate per capita output of goods and services. In this age of have and have not countries and rising expectations of their citizens, the central problem of how to achieve full, productive and freely chosen employment is crucial to the very existence of private enterprise, individual initiative and substantial reliance on market mechanisms.

Although there are differences in detail among the various countries committed to such a policy, the objectives correspond fairly close to:

(1) development of the abilities of the labor force;
(2) helping create jobs to make the fullest use of these abilities;
(3) linkage of men with jobs; and
(4) improving worker productivity, well being and dignity.

From the labor supply point of view, the processes involved can be classified as the formation, allocation, utilization and welfare of working men and women, together with the supporting elements of labor force incentives, statistics and organizations. On the labor demand side, some of the key elements are fiscal, investment and monetary policies along with supporting incentives, statistics and organizations. These are not separate factors but, rather, are interrelated and an action involving one generally affects the effectiveness of others.

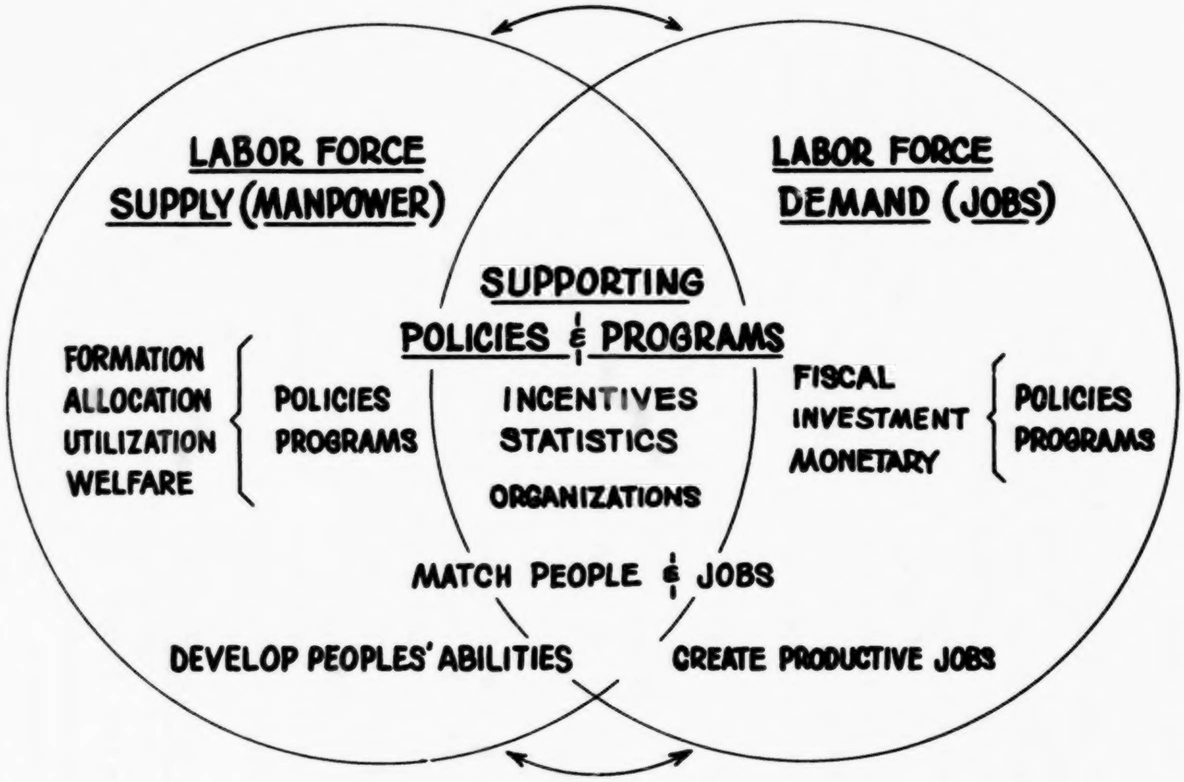
Formation of the Labor Force. (See Charts A & B) A modern economy cannot exist without adequate supplies of occupationally qualified craftsmen, technicians, professionals and administrators. Moreover, as Chart B indicates, increases in the GNP are partially the result of improvements in the quality of manpower through such means as skills training and retraining. For the great majority of occupations, members of the labor force acquire specific skills after entering the labor market. Moreover, as the bus sign says, "You won't get tomorrow's job with yesterday's skills"--many workers will have to change their occupations over their working life.

It is precisely here that the private sector and the individual enter into the manpower picture. To a very significant extent, the labor force will have a high or a low level of skill as a direct result of the action taken within the employing establishment itself, be it farm or nonfarm, foreign or domestic, military or civilian, public or private, and, equally important, by the worker on his own. Individual farm owners, businessmen, and other entrepreneurs can, through formal and informal on-the-job training, improve the skill level and work attitudes of their personnel. They can also actively cooperate with education and training authorities, including nongovernmental institutions, in work-study and work-training programs. Workers themselves through self-study, purchase of technical publications, selective TV and radio exposure, programmed learning, purposeful job mobility and in other ways can materially improve their skills.

Allocation of the Labor Force. An idle machine, an empty desk and an educated and trained but unemployed job seeker are all nonproductive. Rising per capita production flows in part from timely and effective matching of jobs and men--occupationally, geographically, industrially, and among employing establishments. The shorter the time interval to make the match the less lost production. The better the match, the less wasteful labor turnover and the greater the output.

What can the private sector do to help establish the best possible organization of the labor market within a framework of individual freedom of choice? First of all, the entrepreneur can eliminate whatever nonperformance job hiring barriers he has, be they based on educational attainment,

ELEMENTS OF ACTIVE MANPOWER AND EMPLOYMENT POLICIES FOR ACHIEVEMENT OF COUNTRY DEVELOPMENT GOALS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ALLOCATION
UTILIZATION
WELFARE
POLICIES
PROGRAMS
LABOR FORCE DEMAND (JOBS)
FISCAL
INVESTMENT
MONETARY
POLICIES
PROGRAMS
SUPPORTING POLICIES & PROGRAMS
INCENTIVES
STATISTICS
ORGANIZATIONS
MATCH PEOPLE & JOBS
DEVELOP PEOPLES' ABILITIES
CREATE PRODUCTIVE JOBS

CHART A

INCREASES IN GNP JOINT PRODUCT OF

A. RISING INPUTS OF
✓ *MANPOWER*

B. LARGER INPUTS OF
PHYSICAL CAPITAL

AND THE INCREASED
PRODUCTIVE EFFICIENCY
OF THESE INPUTS
AS COMBINED RESULT OF

1. IMPROVEMENTS IN QUALITY OF MANPOWER
2. ADVANCES IN TECHNOLOGY
3. ECONOMICS OF SCALE

CHART B

tribe, race, color, creed, citizenship or sex. Secondly, the farmer and the businessman can insist that the private sector be given a fair break with the public sector in the distribution of workers with scarce skills, particularly when the activity has a high development priority. Thirdly, labor unions, professional societies, associations of employers and other private organizations in their recruitment and placement services can actively seek to support a rational labor market. Finally, as a fourth example, voluntary agencies and community groups can help place in employment by means of food-for-work, "barn raising" and similar activities the otherwise idle members of the labor force.

Utilization of the Labor Force. This third element of an active manpower and employment policy deals with the worker after entry on the job. Educated, trained and effectively allocated human capital can be efficiently or wastefully employed. Fully employed people can be working at different levels of productivity. Although increases in employment levels can increase the output of goods and services, the key to more production is a larger man-hour output per man-hour input. Productivity depends upon the worker's skill and effort, the quality of the tools and machinery he uses, the way materials are brought to him and taken away, and how efficiently management runs its business and gets along with its employees.

In manpower terms, the private sector in several ways can take steps to utilize working men and women in a more productive way. Next to proper incentives, probably the most important is good supervision and the maintenance of harmonious even if competitive labor-management relations. Mutual respect between workers and employers and sound industrial relations can materially reduce production losses due to strikes, lockouts and slowdowns. Individual office and plant efforts to reduce absenteeism and to improve personnel and supervisory practices can materially increase output per unit of labor cost. Realistic and non-discriminatory standards for staff promotions will often result in greater self-improvement efforts on the part of plant and office personnel.

Welfare of the Labor Force. It cannot be overemphasized that the worker is more than a factor of production. He does not exist solely to support an economic system but rather goods and services are produced for his and his family's welfare. Members of the labor force must truly have their dignity safeguarded and they must share in the benefits of economic growth. As a society moves from a traditional, agrarian, family-oriented economy to a market, more diversified and employment-oriented economic system, it is in the interest of the private sector to support appropriate measures for (1) effective labor laws covering child labor, maximum hours, minimum wages, female employment, wage payments and other labor standards; (2) social security programs which can substitute for the extended family; and (3) freedom for all members of the labor force (workers, employers, farmers and professionals) to associate with their peers for mutual self-help and self-advancement through organizations of their own choice.

Labor Force Incentives. This fifth element of an active manpower and employment policy consists of the monetary and nonmonetary remuneration which working men and women receive for their work. Among the specifics which concern the private sector are: (1) The wage or salary associated with the job; (2) bonus, hardship, housing and other allowances connected with work in certain occupations or areas; (3) prestige value as between and among blue and white collar occupations and associated with employment in government and private industry; (4) profit sharing and piece work; (5) relationship between merit and ability and hiring and promotion; and (6) fringe benefits such as pensions, insurance, paid vacations and holidays, sick leave, cafeterias, coffee breaks, working rules, clinics, and recreational facilities.

In terms of prices, profits and incomes distribution as well as effective demand for goods and services, it is obvious, even trite, to say that the private sector has the most compelling reason for being interested in this element. The level of minimum wages, for example, is caught in a cross-current between a desire to guarantee the worker an acceptable standard of living and a belief that too high a minimum may deter entrepreneurs from beginning or expanding their enterprises, or may induce a strong labor-saving bias in investment. Traditional payments, which often accompany wages but which are unrelated to job performance, complicate plans for rationalizing the wage system. A seniority system or separation allowance right may inhibit the mobility of labor. The foreign investor is most interested in wage and salary rates as well as other employment costs.

Labor Force Statistics. In addition to their effect on government development policy, which in turn affects the private sector, the end products of labor-manpower statistics and research are valuable to businessmen, trade union leaders, marketing personnel, newspapers, research organizations, universities, employer associations and financial institutions. Some, as the derived unemployment rate and weekly hours of work, are considered key economic indicators. Others, as wage and cost-of-living data, are useful in collective bargaining. Many employers compare their own labor turnover and productivity with industry and area averages. Hiring standards are influenced by information on the prevailing labor market situation. Tools and techniques used for manpower research and development such as job analysis, occupational classification systems and aptitude tests become part of the personnel system of many employers. Market analyses are dependent on employment and incomes data. Foreign investors are interested in factual information on labor stability, availability of skills and labor costs. Recruitment and new plant location decisions are more realistically made when reliable labor market information is available. These are just a few examples of why labor statistics and research are of concern to the private sector.

Labor Force Organizations. The final element on the labor supply side of our manpower-employment analytical frame of reference is probably the most important. In the opinion of many development experts, what distinguishes a developed from an underdeveloped nation is that the latter lacks or has ineffective institutions for the modernization process. Policies need to be implemented and the translation of goals and programs into action requires a variety of manpower institutions.

It is precisely here that the private sector must be at the central core of a nation's manpower and employment plan. For, in the final analysis, manpower plans do not operate in the aggregate. They are person-to-person, and are largely carried out within the employing establishment: A farm equipment mechanic passing on the tricks of the trade to an apprentice or helper; an employment interviewer referring a laboratory technician to a job opening; a mediator shuttling between a businessman and a trade union official; a school dropout or technologically displaced worker or urban in-migrant receiving job counseling; a meeting of a labor-management safety committee or in-plant training group.

These person-to-person services which promote a healthy private sector and which bind people of a nation together don't just happen. They occur largely when governments have effective administrative organizations responsible for assisting employers and workers conduct on-the-job training, for operating free employment services, for bringing conciliation and mediation into labor disputes and for effective safety and hygiene measures in mines and factories.

It follows that the lack of effectiveness of such bodies as ministries of labor constitutes obstacles to or brakes upon the process of economic growth and social progress even if the government's manpower and employment policies are sound. It is also often true that the absence of effective institutions for manpower statistics or employment services or occupational training may render less likely the adoption of sound governmental policies, particularly those which give due recognition to the vital role of the private sector in the development process. The private sector, however, not only has a most vital interest in the establishment and operation of public manpower development institutions but also in the establishment and operation of its own machinery. These range from in-house personnel and training systems and associations of training directors, to the labor market activities of trade unions and private employment agencies, through business-labor partnerships with local and national authorities in the vital area of job creation.

Manpower Elements are Interacting. I have mentioned that the above seven elements of a systems approach in the formulation of an active manpower and employment policy are interrelated. People tend to prepare themselves to enter those occupations where wages and job prestige are attractive. Workers in a market economy will flow into areas and employing establishments which enjoy better working conditions. There is a direct relationship between productivity and job satisfaction and between wages and productivity. These reciprocal relationships also exist between the labor supply and the labor demand sides of the manpower and employment equation. This is why the arrows have been placed on Chart A. For example, shortages of key middle and high level skills can force a plant to operate below its potential or preclude multiple shift operations,thus holding down the expansion of employment.

Fiscal Measures. The instruments of fiscal policy are powerful tools on the demand side of implementing an active manpower and employment policy. Firms in labor surplus areas can be given preference in the awarding of government contracts. Public money can be used to facilitate needed training, retraining and worker mobility. Social insurance programs can maintain purchasing power of workers who are victims of involuntary unemployment, sickness and old age. Public works can be provided in rural and urban areas. Tax deductions and grants can be allowed for on-the-job training. In short, purchases of goods and services, transfer payments, subsidies, grants-in-aid, and taxes are fiscal instruments for manpower and job development.

Investment Decisions. Investments are the driving force of economic growth and job creation. To raise capacity to produce and expand employment levels, a nation must not merely replace but continually expand, improve, modernize, and rebuild its productive physical, human and institutional capital. Countries can encourage worker savings for investment in new plant and equipment through insurance systems, provident funds, credit unions, and mutual funds. Social insurance reserve funds can be invested in infra-structure. The advantages and disadvantages of labor-intensive versus capital-intensive technology can be explored. Optimum utilization of existing plant and equipment could involve consideration of their use after working hours for training purposes. Excessive overtime might be eliminated to open up new employment opportunities.

The private sector's role towards employment in the context of the profit system might well be to make sure that all labor that can be employed productively is employed. This involves both a choice of technology and of products. For example, the entrepreneur could consider the following ways of productively using more labor in conjunction with given equipment: more intensive staffing to reduce the idle time of machines; prolonging the life of the equipment by better maintenance; and possibly organizing multiple shifts. It seems likely according to a recent ILO report that in terms of capital-intensive or labor-intensive technology the least-cost combination of labor and capital in a developing country will often be one that provides more employment per unit of output than the least-cost combination in a developed country.

Monetary Policy. Another tool for achieving and maintaining full, productive and freely-chosen employment are measures which change the availability and cost of credit. Monetary policy affects investments and expenditures and hence employment levels. For example, lower interest rates on home mortgages can increase the volume of construction jobs and expand employment opportunities in supplier industries. However, monetary policy, although very important, is a blunt tool for solving specific manpower and employment problems. For example, rural areas in many developing countries are short of middle and high level manpower. Until required skills are available, many projects although funded on an easy credit basis cannot be effectively started. This illustrates the need for complementary manpower development programs.

Concluding Remarks. For those of us who believe in individual initiative, private enterprise and market competition, I can think of no challenge more important than how to attain and maintain high levels of productive employment within an environment of free choice and flexible local, regional and national development planning.

THE ROLE OF PRIVATE RESOURCES IN DEVELOPING COUNTRIES

CHAIRMAN: William Mirengoff
Deputy Associate Manpower Administrator, Department of Labor

By way of a frame of reference, I would like to discuss, very briefly, the manpower program in this country as it relates to the use of private resources.

A good starting point is the Full Employment Act of 1946. By this legislative action our country, for the first time, committed itself to the proposition that full employment is realizable and that the Government has a responsibility, in terms of policies and practices, to pursue this objective.

However, this statement of hope and commitment, was not implemented by specific legislative or administrative programs. Except for a debate among economists over the merits of a "structural" or "aggregate" approach to unemployment, not much happened between 1946 and 1962. Some believed that maintaining a sufficient rate of economic growth would suffice to "sop up" whatever unemployment might exist, thus making it unnecessary to worry about specific manpower programs. It was assumed that the general growth of the economy would generate waves of affluence, that would somehow engulf all of us, to the greater glory of mankind.

However, others believed that irrespective of the rate of growth, there would be structural problems in our economy which would make certain occupations obsolete or render specific population groups or areas immune from our waves of prosperity. These effects might be due to geographic shifts of industry, advances in technology or changes in consumer demand. The debate continued until, in 1962, Congress enacted the first specific manpower program, the Manpower Development and Training Act. This Act addressed itself to unemployment resulting from structural problems and authorized training and retraining of people for return into the main stream of economic life and the world of work.

The Manpower Development and Training Act of 1962 was followed by other manpower programs, such as the Vocational Education Act of 1963, and the establishment of the Office of Economic Opportunity, with its proliferation of manpower programs. Thus, the pendulum has swung quite the other way. All these programs are primarily governmental programs, with governmental objectives, policies, resources, and funding. The concept was that the government would reach out to the disadvantaged, hard core unemployed worker, and prepare him to become a productive citizen. Having done this, we would then place him on the door step of Mr. Employer, with the comment, "Now, here he is, all shaped up and ready to go. You hire him and put him to work."

After a few years of this approach, we began to wonder if the private sector did not have responsibility, and perhaps even a greater ability to do this kind of a job. We wondered whether we ought not to be encouraging what I call "in-plant sociology," and whether the private sector ought not to concern itself with the pre-employment aspects of hard core disadvantaged individuals. And so we have come around within the last year or two, to the concept Mr. Carter was talking about, namely, to provide economic stimulants to the private sector to become directly involved, and to identify, recruit, and prepare these people for work, and to provide the necessary assessment, counseling, and pre-employment training.

The new direction is most clearly manifested in a program called Job Opportunities in the Business Sector (JOBS). The working group is the National Alliance of Businessmen, a blue ribbon conglomerate of the nation's top business leaders, headed by Henry Ford, and representing the major U. S. corporations. The Alliance is committed to put 100,000 men and women from among half a million of the nation's big-city unemployed on the job by June 1969. The Alliance will be concerned not only with the policy but with the operations of the program. The role of government is to provide for the additional costs which the employer would incur by participating in this program. For example, if the employer estimates that it will cost him about $500 per person to provide the additional supportive services required, or a similar amount which represents the difference between the regular wage which the worker receives and his actual productivity, the additional costs will be reimbursed by the government. However, the government is not going to tell the employer under the terms of a contract precisely what to do and how he must do it. Such decisions can perhaps best be made by the direct involvement and know-how of the private sector itself.

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Robert Stratton, Assistant Vice President, Latin American Area,
W. R. Grace and Company

It is a great pleasure to take part in this panel and to outline, as an example of what private companies can do in underdeveloped areas, some of the manpower development programs that W. R. Grace & Co., is carrying out in Latin America. It is particularly appropriate to discuss manpower planning on a panel which represents a variety of private sector groups. Properly planned programs of manpower development in any country, whether developed or developing, require cooperation among business, labor, and government. Sometimes our interests seem to conflict and obstacles are thrown in the way of cooperation. For this reason, it is productive to talk over our mutual problems and goals as we are doing here today.

W. R. Grace's Latin American Group is organized into four divisions: a paper division, a chemical division, a food division, and an ore and mining division with more than 40 plants in 10 Latin American countries principally in these four fields. We also have a variety of other businesses, such as a few textile mills, a cement plant, and a variety of merchandising businesses.

The overriding element that influences manpower planning today for all industrial firms is increasing technical sophistication. We continually need better and better trained people at all levels, from our workers, to our engineers, to our top executives.

Grace has complex manpower needs and has developed a variety of programs to fulfill them.

Our principal problem at the worker level is to upgrade people continually and change the distribution of our manpower. Rising competition forces us to become more efficient, and greater efficiency requires continual manpower adjustments. It follows, of course, that as we increase our efficiency and our productivity per worker, we are able to pay higher salaries. However, in the past, difficulties in negotiating the necessary readjustments with our work force have sometimes delayed expansions, often with serious consequences both for the company and its employees. This is a real and continuing problem in Latin America, where trade union leadership is not as developed as it is here and where workers expect a certain amount of company paternalism.

Our company strongly supports the American Institute for Free Labor Development, which is training labor leaders and specialized labor economists throughout Latin America. As these men move into more and more positions of leadership in Latin American trade unions, we hope that we will have more success in dealing with unions and the problems of increased worker efficiency.

We have been asked to comment today on creation of employment and manpower planning. Grace's interesting agricultural-industrial complex at Paramonga, Peru, is a good illustration of both of these points. First, the creation of employment through the building of new industries: Grace purchased the Paramonga sugar estate in 1926, improved the estate, rebuilt the sugar mill, and greatly improved the town facilities and living conditions. In the 1930's Grace began to study the possibility of producing paper from sugarcane bagasse, the fibrous dry residue from the sugar extracting process. In 1939 it put up the first bagasse paper mill in the world, training the sugar workers to run pulp and paper equipment. The first machines were relatively simple and produced only 10 tons of paper per day. Over the years, however, the mill was greatly expanded and modernized. At present we are completing a $30 million expansion with the latest innovations in pulp and paper technology and boosting our capacity to over 100,000 tons per year. In the mid-1940's, at Paramonga, Peru, we built that country's first caustic soda and chlorine plant, using salt from nearby deposits of brine. The caustic soda is used to pulp the paper and the chlorine to bleach it. A few years ago we doubled the production of this plant. We use the molasses by-product of sugar to make gin and vodka and an animal feed. Most recently we built at Paramonga a polyvinyl chloride resin plant which combines the ethylene cracked from alcohol made from molasses with chlorine from the caustic soda plant to produce PVC resins. In each case we have trained personnel from our existing plants for new operations. We presently employ over 3,000 people at Paramonga and administer a town of more than 20,000.

Paramonga has been, in a way, a microcosm of what happens to people in a country developing from a traditional agricultural base into an industrialized society. Many of our workers are Indians who originally came from the

Sierra with no skills. To help them adjust, our staff of trained sociologists works with the newly arrived Indian. It is here he receives his first indoctrination in the intricacies of industrial life. In the old days he started out as a cane cutter and then he, or maybe his son, eventually worked into jobs in the industries.

At the estate we have organized kindergartens, grade schools and high schools, and have one of the best vocational schools in Peru. We facilitate college training both in Lima and outside the country. We have organized classroom training in mill operations doing mock-ups on a Carmody trainer, a technique as successful in Peru as in the U. S., for teaching start-up procedures, operating methods, and emergency actions for new and existing machines.

We have facilitated the operation of religious organizations and have a program to sell company houses to the workers at nominal values. Development of character is as important a function of manpower development as the development of specific skills. A man who owns his own house is going to face problems differently than a man who receives company-owned quarters.

Recently we had a very serious problem at Paramonga that had explosive possibilities. With the recent severe reduction in world sugar prices, we were forced to make drastic changes in our sugar operations or take a loss on each pound of sugar sold. Primarily, what put us in the red in comparison to our world competition was the high cost of labor and of social law obligations. It was necessary for us to increase the productivity of labor and greatly reduce the number of people. This is not easy to do on a sugar estate. A displaced laborer has no place to go. Not only does he lose his job if he is laid off but also his company-provided home. His children lose the right to a free school and his family to free medical benefits at the company hospital. The personnel problems were immense and could not be solved unilaterally by the company. We had to have labor and government cooperation.

The company, then, in cooperation with the union and private and government agencies, made up a multi-phased, long-range plan to mechanize the cane fields. Some agricultural workers were trained to handle the mechanical cane cutters and other equipment, and others to take over positions in the expanded paper mill and chemical operations. Older employees were given the right to early retirement with generous pension rights.

We participated in a hydroelectric project in the neighboring Pativilca Valley to produce energy far in excess of our present or foreseeable requirements with the hope that lower electric costs would attract industry into the area to provide additional employment.

It can be seen that we could not have gone into this program of lowering costs through increased productivity merely by reducing the work force and hoping everyone would work harder. It was a well worked out, long-range plan made possible only because of full cooperation between industry and labor, industry and government, and industry and various non-government agencies.

It called for setting up the conditions that made it possible to mechanize and for the people to move to new jobs, and it called for sitting down with each person involved, determining his capabilities and wishes, and trying to work out the best solution. Several years ago it would not have been so easy for labor and management to sit and work the problem out. The change has come about as a result of increased knowledge on both sides of the fence.

The Paramonga example is in some ways unique, but at the same time illustrates many of the manpower problems encountered by industrial companies in underdeveloped nations.

On the management side one of our major considerations, of course, is recruitment. For management personnel, we recruit nationals at U. S. colleges, both through on-campus recruiting and from a published list of the Institute of International Education in New York. Many of these students have been supported by the Institute or have had Fulbright or other scholarships.

For our sales personnel in our Latin American divisions we are working on a Spanish language adaption of the Xerox programmed sales training course. The course is designed to train sales personnel through simulated sales situations derived from the experience of our top salesmen, and using the actual products our salesmen would sell.

We search out and hire top U. S. and European technicians to supplement our local management. These men are well known in their field and have a history of proven job attainment. We also look for men from our domestic divisions, borrow them from companies with whom we are affiliated or recruit them on the market. Often these people have retired from a major U. S. company. They usually spend a large proportion of their time training and developing local personnel.

We have a management development program to pick out the bright young man and give him the necessary job rotation, responsibility and formal training to fit into the top job a few years down the road.

At any particular time half a dozen nationals from various Latin countries are working in our New York office. I must add that the immigration policies of the U. S. do not make this very easy to do. It is often difficult to get the required training visa.

We have been very enthusiastic about nationals of one Latin American country working for a number of years in another Latin country. When people move around they often develop more quickly into well-rounded executives.

We are experimenting with video tape management courses to keep our executives up to date with the latest technical and administration devices.

We often enroll our people in graduate-level programs in the U. S., and we encourage our New York staff to join professional and trade organizations.

In Latin America our people work with schools at all levels. They support graduate schools, teach courses, and help pick students for U. S. scholarships.

These are some of the programs that industry can carry out to stimulate the development of manpower in underdeveloped areas. Through training, job rotation, and the continued upgrading of personnel at all levels, companies can meet their manpower needs. However, many outside forces beyond the direct control of management affect the long-range outcome of manpower programs. Therefore, it is essential that manpower planning be carried out with the full cooperation of labor, government, and management.

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Wallace Legge, Inter-American Representative,
Postal Telegraph & Telephone International

It is U. S. policy to encourage other countries to increase the flow of international trade; to further private initiative and competition; to encourage development and use of cooperatives, credit unions, and savings and loan associations; to discourage monopolistic practices; to improve the technical efficiency of their industry, agriculture and commerce; and to strengthen free trade unions.

We find similar references in many documents to developing free trade unions. The charter of Punte del Este, for example, has five references to the need for labor participation. Participation includes not only the implementation of plans that others make but the planning of projects. Labor unions, represent, to a larger or lesser degree, the human resources of developing countries, and the larger the degree of union representation, the greater the country development.

The humanistic and idealistic motivations of the free democratic unions go beyond economic development. They support the dignity and the respect for workers, and provide a forum where workers can express their ideas and desires, and where those ideas and desires will be seriously considered.

It may be difficult for management to train certain people for particular skills, because of illiteracy for example, yet these same people have no difficulty understanding the democratic procedures of their own trade union movement. In India, large numbers of illiterate workers vote in union elections by identifying candidates with pictures of an automobile, a tool, an animal, etc.

The trade union movement in many countries is the great developer of manpower.

For many years, the Postal Telegraph and Telephone International (PTTI) trained postal and telecommunication workers in Africa to organize workers in trade unions, to administer union affairs, to collect, spend, and account for union funds, to conduct union meetings, to lead people, etc., only to have the Government appoint them to important and responsible government jobs.

The rate of progress through economic and social transition can be accelerated by responsible trade unions. In the United States we learned--the hard way--that it is not enough to pound tables and go out on a strike. We learned how costly strikes are to the workers and to the enterprise.

In the field of workers' education in developing countries, the International Trade Secretariats--including the PTTI and International Federation of Commercial, Clerical and Technical Employees (FIET)--promote industrial stability by training responsible yet militant, knowledgable trade union leaders. By constantly improving labor-management relations there is, of course, a steady increase in productivity and the development of worker skills.

Organized labor has something that organized management does not have in the same degree, that is, political influence. The national union leaders have great influence not only in their own country but also in the international labor field. They go to meetings of international labor organizations, such as the International Confederation of Free Trade Unions (ICFTU). At one meeting I heard the General Secretary of the Confederation of Peruvian Workers push Peruvian cotton, sugar, and other Peruvian products. Trade union leaders of developing countries are thus becoming salesmen and merchandisers for products important to their union members. Responsible trade union leaders also lead in encouraging private investment in Latin American countries. You are probably aware of the great fight of the democratic trade union movement in Peru to keep the petroleum industry in private hands. The government petroleum industry in Peru is not nearly as efficient as the private sector which provides wages and social benefits far greater than those in the public sector. When the Government wanted to take over the petroleum industry in Peru there was a great outburst by the trade unions.

As regards labor education, last year the PTTI, alone, conducted 90 seminars in Latin America and the Caribbean for more than 1,800 students with the cooperation of the American Institute for Free Labor Development (AIFLD). I cannot say enough for the American Institute for Free Labor Development. It must have taken great courage on the part of George Meany and Peter Grace to announce that they were forming a tripartite organization, AIFLD, to work in the labor field in Latin America. Their statesmanship has certainly paid off, for AIFLD is advancing the Alliance for Progress to the point where it is putting money and other benefits in the pockets of the workers of Latin America--more so than any other project or program of which I am aware.

The PTTI has been engaged in this work in Latin America for 13 years. Nearly every national officer of a postal, telephone, telegraph, or commercial cable union in Latin America and in the Caribbean area is a graduate of our courses. Many of them, including women, are holding important and responsible offices in their national trade union movements, and some have entered the political field as Deputies and Senators. Two are now Labor Advisors to Prime Ministers. These graduates are former letter carriers, clerks, telephone linemen, people who came up through the trade union movement and received the benefit of our training. This certainly is manpower development.

We have field workers who conduct night courses and three-day weekend courses in the interior of the country. They talk to workers of the advantages of joining an existing trade union or organizing one. We help them organize a union and later train their union leaders. These three-day courses usually aim at orienting workers toward trade unions and selecting those with potential for leadership. We conduct regional seminars, and try to get the best students into the national courses that the AIFLD holds in each Latin American country. Scholarships are provided for the most outstanding students of these national courses to AIFLD's American University for Free Labor at Front Royal, Virginia.

In addition, special courses are also given by the Frederick Ebert Foundation in Germany. Later this year, we will send 20 people to one of its courses.

In 1959, after the Second Congress of the Postal Telegraph and Telephone International in Lima, Peru, the President of the Communications Workers of America, Joseph Bierne, indicated his members would be willing to make a monthly contribution above their usual union dues to support Latin Americans to work full time in their countries on union finances, grievances, and organizing.

This program has expanded so that every District of the Communications Workers of America, including Canadian workers, are sponsoring projects in Latin America or the Caribbean. The PTTI is the only trade union organization with such a program. It is an example of workers in a developed country helping to develop workers and create jobs in developing countries.

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Herbert C. Fledderjohn

President, International Cooperative Development Association

It is certainly appropriate that this program recognizes cooperatives as important in the development of manpower in developing countries. They have an important and a unique role. Clearly, effective cooperative operation depends on continuous, effective training and development of the people involved.

I need not review the economic contributions of cooperatives--increase in total production, improvement in the marketing and distribution system, higher living standards and family income, etc. They have been demonstrated time and again, not only in our own economy but around the world.

Discussion of the cooperatives' contributions to manpower development has two aspects--the cooperative as training institution, and the cooperative as employer.

Normally, an organizer of a cooperative meets with a group of farmers or villagers in a series of sessions, to help them identify their needs and mutual interests and to understand the possibility of their helping themselves through joint action. Out of this comes a tentative program of action; leadership is elected from the group; and capital accumulation begins.

In due time, the cooperative is registered and undertakes its first commercial operations--marketing grain, purchasing fertilizer, making loans to members, etc. This experience, in itself, is very significant training for the members. Perhaps for the first time, their opinions and ideas are sought. For the first time, they vote to select leaders and make important decisions regarding their own economic well-being. For the first time, they accept individual responsibility for group action in accumulating capital and in the decisions on its use. In other words, maybe for the first time, they count as individuals in an important group action and join with their neighbors to confront the local power structures--the moneylender, the merchant, the petty government official--to do something on their own behalf. It is impossible to quantify the results of this experience. But, we know from firsthand observation that they grow in self-reliance, in a sense of their own importance, and take the first step toward meaningful participation in the political and economic life of the community.

No one, I believe, has ever measured the contribution cooperatives have made to development of local leadership. Perhaps this contribution is at least as important as the economic impact.

Most cooperatives in developing countries are related to agricultural production and distribution. Frequently their activities increase the output of the members through better farming practices--higher plant production, better preparation of seedbeds, application of fertilizer, etc. Both in the United States and in the developing countries, the cooperative is frequently more effective than the government extension agent in changing the cultural practices of its farmer members. They have more confidence in their own group, and are, therefore, more receptive to new ideas than when brought in by a professional representing the government, regardless of how skilled he may be. In summary, the cooperative plays an important role in developing its members by contributing to their social/political skills, and by improving their technical competence as agricultural producers.

The cooperatives' other contribution to manpower development stems from their need for employees in their operations, ranging from the simplest skills to the very sophisticated skills necessary in the more complex organizations. At the village level, a manager must be trained to oversee and operate the enterprise, order needed merchandise, take care of equipment, and conduct day-to-day business. Simple accounting skills are required to maintain records. Most training is normally done on the job. The organizer teaches how to record transactions on standard accounting forms and consults with the manager about the conduct of the business. Where possible, this learning by doing is supplemented by group training sessions, seminars, and formal training courses carried on by established educational institutions, or with the help of outside experts. With complex operations, it is generally necessary to furnish outside technical assistance until the nationals have acquired the necessary management and operating experience. The net result is to create a growing number of individuals with specific skills required for the operation of a cooperative business.

U. S. cooperatives recognize the responsibility to share their knowledge and experience with cooperatives in developing countries. From their own resources and under contract with AID they have made available competent trainers. Two examples will suffice.

The Government of Honduras, as a part of its agricultural development program, asked the International Cooperative Development Association for a U. S. technician, who in turn would recruit five nationals to carry out the project. The nationals selected had training in agriculture but only limited skill in cooperative organization and administration. After he gave them elementary training, they were assigned to work with local groups, to conduct basic cooperative training of the member groups, assist them in selecting a board of directors, guide the accumulation of capital, and to closely supervise initial business operations. One year later, 10 cooperatives were registered, and another 20 groups are in various stages of organization. I will not review the accomplishments in increased corn, rice and bean production, nor the increased return to the members and the capital accumulation. Although significant, they are probably not as important as the members' growth in understanding of the potential for working together and their understanding of the group process. A majority of them are illiterate, but they can see the benefits and are quite ready to accept their responsibility for the success of the cooperative. At the same time, a group of employees is gaining the necessary technical competence and self-confidence to carry on the cooperative business, with only limited assistance and supervision from the field organizers.

In a completely different situation, cooperative leaders in India were persuaded to consider the production of fertilizer. Under AID sponsorship, U. S. cooperative fertilizer experts established the feasibility of the undertaking. A proposal was made to the Government of India, AID, and the Indian cooperatives for U. S. cooperatives to furnish $1 million in technical help in the design, construction, and operation of a major fertilizer complex to produce over 800,000 tons of fertilizer per year for distribution by cooperatives in India. There will be U. S. management for five or six years--through the training period and until Indian nationals gain the experience to carry forward on their own. Forty-one U. S. specialists will be required, ranging from a project manager to shift-foremen.

In Honduras, in India, and in many other places nationals are learning from U. S. cooperative technicians the techniques of cooperative organization

and business administration. Insofar as possible, this is training in the context of actual business operation. It is job-oriented, practical, and focused on institution-building, directed at creation of strong, effective, soundly-operated cooperatives that can make a continuing contribution to economic progress and the welfare of the people.

Thus, significantly, U. S. cooperative development activity overseas aims at creating a situation where our presence is no longer needed.

To expedite the search for U. S. cooperative talent for overseas service, the International Cooperative Development Association has prepared a manpower bank of over 500 names.

Our experience indicates that training cooperative personnel and leadership can best be carried on in their own country. However, top-level government officials charged with cooperative development and supervision, and managers of complex societies and highly-sophisticated processing operations, should often supplement the training in their own country with training in the United States. To answer this need, the International Cooperative Training Center was created (you will hear more about it later in this Symposium).

United States cooperatives have also made available, without charge, training and operating experience in their own organizations to foreign nationals who need to broaden their experience by way of actual operations not available in their home country. For instance, a large number of fertilizer technicians--engineers, managers, marketing specialists, etc.--have spent from a few weeks to several months in U. S. cooperative installations to get firsthand operative experience for performing similar functions in their own cooperatives.

W. P. Watkins, the noted British cooperative leader, once observed the cooperative movement is not so much an economic movement that makes use of education as it is an educational movement that makes use of economics. Manpower development is the essence of cooperative development. Without growth in technical and social skills of its members and staff, the cooperative cannot achieve its economic objectives. The obverse is also true. Unless the members and staff develop, the cooperative is not a success regardless of the outcome of its business operations.

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Murton Cregger, Director of Programs, CARE, Inc.
(Cooperative for American Relief Everywhere)

Too many people still think of the voluntary agency as it was from the latter part of the 19th century until World War II--solely as a "do-good" agency. Yes, we do good, but not in the narrow context of that term. The emphasis of voluntary agencies has shifted greatly, particularly since World War II, from direct relief to more lasting development activity.

Voluntary agencies have three important characteristics. 1) They are basically humanitarian in character, with a disinterested concern for human welfare, and their assistance is couched in the framework of self-help. 2) They have freedom to experiment and the flexibility to take on projects which might fail. 3) They have diversity of interests and skills. The diversity of the 300 voluntary agencies working overseas is so great, a thick book merely skims their surface.

I will cover briefly two aspects of voluntary agency work: the economic and social developmental role of the indigenous voluntary agency and of the foreign voluntary agency working overseas.

The main characteristic of the indigenous voluntary agency is that it is usually very weak for a variety of reasons, among which the local culture is perhaps most basic. The traditional or transitional societies of developing countries are not fluid. The people belong to groups by birth. There is not the custom of free will association. Instead, kinship, language, religious, and even geographical groups largely control behavior. These groups are still relevant, however, to voluntary agency activities in the developing countries because they often develop their own special type of voluntary associations to serve specialized functions. For example, in India, caste groups have recently been developing associations which draw their membership from their own caste. Members of the caste are free to join or not to join the association. These organizations form the groundwork for later development of broader-based noncaste voluntary agencies.

In addition to the traditional setting is the scarcity of resources. While nongovernmental financial and human resources are scarce, these resources tend to concentrate in the government. Therefore, the government carries out many projects and activities that might better be done by private agencies.

In spite of their weakness and the obstacles they face, private agencies are a good resource for economic and social development. Recognizing this, some foreign voluntary agencies give much attention and time to the development of local voluntary agencies. Church and church related organizations, particularly, do much to develop and to strengthen constituency-type organizations within foreign countries. In its leadership training and institution development programs CARE looks for fledgling private agencies and groups whom it can work with and strengthen.

Now to discuss the foreign voluntary agency that goes to a country to provide assistance. Voluntary agencies have been generally conceived of as a funnel through which various resources--material or human--are transmitted between countries. Frankly, CARE started exactly as that kind of Agency. We were organized as a cooperative by a large group of religious, labor, and fraternal organizations primarily to simply transmit food and, later, tools and supplies--on requisition--to a particular country.

However, as our relationships with the world matured, we became acutely aware, as did almost all agencies, that the transmittal of resources was the simplest factor and that programming the use of equipment, supplies, or manpower, was the more difficult and needed aspect.

Our "end-goal" used to be obtaining a signed receipt to prove that whatever the donor helped to provide had reached its intended user. Today, that is mid-way in our work. We now continue with the important job of project supervision until we can report back what was actually accomplished with the donated items.

The voluntary agencies are also very aware that sustained development requires a reservoir of trained manpower. We feel the human resource aspect of the development process is most neglected. As a matter of fact, we do not talk about "manpower," but instead about human resource development. We think in terms of a "total man," so to speak, along the lines referred to in the earlier discussion of cooperatives. We are really not interested in the gross national product if we do not know how Pedro's or Omar's lot is improved. Unfortunately, too often we find very little improvement.

Our concern is with the mass level and it is here that we work. "People-to-people" is not mere sloganism for the voluntary agencies.

Voluntary agencies are better suited for job training than job creation. Of course, we do create jobs. There has been much activity such as Food for Work and hiring of underemployed rural people for public works. But, generally, our impact on job creation is more indirect, that is, equipping local training institutions, giving them guidance and doing on-the-job training projects.

Voluntary agency manpower activities can be divided into three levels:

1. The professional level--training professional people--principally medical and paramedical personnel.

2. The vocational level, including literacy as a vocational skill.

3. The community project level--these generally are projects built on community participation and developed out of community desires which result in leadership training and training of skills for jobs at the community level. CARE is involved in all three levels and believes that one of the greatest forms of assistance is to find and help the promising and well-informed local leaders develop and perform their services.

I feel very strongly that one of the most neglected areas of international development is the quality of managerial and administrative skills at the lower levels. How many project administrators have seen, in utter dismay and despair, a technically-perfect project, planned at the highest level of technical expertise, go awry because the functionaires at the very lowest level did not function properly. In how many projects--and here I must include the larger agencies that are involved in international development--is implementation left largely to people who should know how to carry out a program but in actual practice are unable to do so, or whose organizational imperatives make it impossible to properly implement a project.

Voluntary agencies deal with this particular problem because they are usually involved at the local level, and because their people are personally involved in project implementation, working with lower-level administrative people. CARE tries to deal with this problem in various ways, one of which is what we call "partnership programs." They are partnerships not in a legal but in the more general sense, for, of course, we are not responsible for each other's debts. Through this type of program we are able to create a special counterpart relationship which is sometimes more effective than the traditional counterpart relationship so common in many technical assistance programs.

We also try to develop the administrative expertise of our own local staff by providing it with on-the-job type training, and by giving them as much responsibility as possible.

In conclusion--I do not believe the general public fully recognizes the contribution voluntary agencies have made and can make to development. The public sees such contributions in terms of welfare and not development. The full potential of the voluntary agencies has not yet begun to be realized. Those of you concerned with international development would do well to consider the voluntary agency as one of your co-partners. It would be a mutually beneficial arrangement, but what is far more important, would result in human betterment.

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DISCUSSION:

The discussion between panel members and the audience elicited the following points:

1. The PTTI does not engage in vocational training and its efforts to get involved in such training have been turned down by the governments. The PTTI once offered to run an educational program on the use of letter boxes, at its own cost, for a particular government, but the offer was refused.

2. The communication management unions, such as the Universal Postal Union, do not consult with the PTTI on problems of recruitment, service improvement, etc. Particularly pressing at this time is finding staff to work on international satellite communication systems.

3. In Paramonga, Peru, W. R. Grace and Co. was not as successful as it had hoped in attracting other industries to move in to take up the slack in employment created by layoffs directly or indirectly attributable to the sharp drop in sugar prices. The Peruvian government did not provide tax and other incentives to support the company's efforts.

4. W. R. Grace and Co. has increased international trade within Latin America. It exports, for example, plastic bags and magnets from Brazil to Mexico. The company is trying to develop more trade.

5. The graduates of Grace Company vocational schools in excess of the available Grace Company jobs get jobs with other firms, who thus benefit from the vocational school's activities.

6. The Grace Company has found that there is no brain or skill drain problem in bringing Latin Americans to the U. S. or to other Latin American countries for training or for work. After two or three years, they want to return, and do return, to their home countries.

7. One continuing difficulty is that the schools fail to give their professional and clerical students operating experience in the skills they teach. An additional difficulty with clerical employees is the schools' persistence, at times, in teaching them only how to operate out-of-date equipment.

JOINT PARTICIPATION BY PRIVATE RESOURCES AND GOVERNMENTS OF DEVELOPING COUNTRIES IN MANPOWER PLANNING AND PROGRAM IMPLEMENTATION

Chester W. Hepler, International Manpower Advisor
Department of Labor

My experience in Taiwan involves an example of private resource participation in manpower planning. Getting foreign governments to accept assistance and advice from the private sector is most difficult. It goes against all their traditions. But, on the other hand, neither do employers nor worker groups want to collaborate with government. They are so accustomed to letting the government do everything for them and to them, that they prefer to have it this way. To get acceptance by both parties is not a simple matter; you have to work long and hard.

In Taiwan, we began with the Council for International Economic Cooperation and Development, known as CIECD, composed only of top governmental officials, mostly ministers, and chaired by the Vice President and Premier of the country. The CIECD did all the economic planning and controlled a large sum of money for implementing its plans.

Just before I arrived, they had appointed a Manpower Resources Committee that had no private representation. It included Vice Ministers and Directors of Provincial Governmental Departments. The committee's many functions, such as the formulation of policies and plans for manpower development, would affect not only the private sector but the general public. They had agreed on seven aspects of manpower planning and programming: Education; Training; Recruitment; Distribution; Motivation; Utilization; and Stabilization. The committee was responsible for coordinating these aspects with the overall economic development plan and to promote cooperation with management and labor. However, promoting cooperation with these two groups did not imply their inclusion on the committee. So up to that point we were knee-deep in government.

When we finally decided to appoint seven working groups to consider each of the seven aspects, I began to talk about getting management and labor people involved. Well, they agreed, became involved, but rather reluctantly. The labor people selected were also members of the national parliamentary body, but they claimed to be only labor people.

To my great dismay, I found most of the management people selected to participate on the committee were from the public rather than the private sector. We did manage to get some of that shifted around as time went on.

At the first meetings, the management and labor people did not have anything to say. When questions were raised they merely sat there. They were doing their duty; they had come to the meeting. Since a start had to be made, I began to ask them questions because no one else did. If a question arose, that I thought could best be answered by a management representative, I would put it to him directly. For example, in the Working Group on Utilization, we asked them to answer questions which the government could not answer without help from management or labor, such as: To what extent are the enterprises providing in-service training courses for high-level manpower? How effective are these courses? Should the government consider incentives to encourage more training within an industry? If so, what kind? Should the public enterprises train not only for themselves but for private industry? Should there be agreements with the foreign employers? What were we doing about management training? Do the colleges and universities provide evening courses for management? Would such courses be useful, and, if so, why isn't somebody promoting them? What is the general training role of the military and what is its role in the training of management techniques which could be usefully applied to civilian life?

We insisted on answers from the management and labor representatives. Slowly, they warmed up, and even occasionally volunteered to speak without being directly asked to do so. After about 14 months of meeting approximately once every two weeks, the management and labor representatives were really beginning to get interested and the government was listening to them--a new departure from previous practices.

At the conclusion of the 14 months of discussions, each of the seven groups formulated a final report, and all of the final reports were drawn together to make a plan. Then we played a trump card. We said, " Listen, this has all been done within the house, and very few people know about it. The public ought to know all about this plan before it is approved by the Cabinet. So, let's have a big manpower seminar and bring in lots of people and get a lot of publicity so everybody knows there is a manpower plan and what it contains."

We brought 150 people in as members of a manpower seminar who, in addition to representing government, also represented management, labor, and education. We formed them into committees to consider each aspect of the plan. We said, "Here it is. Do you agree with it? If you don't agree with it, here is your chance to recommend an amendment to it because, after all, you people are going to have to live with this." And they began to contribute. They asked questions; they made suggestions. Word had spread that nobody was going to hurt them if they talked, and we had a very successful seminar. I must confess that we did not do much amending, but they did come out of all of this with a sense of participation, with a feeling that they had been consulted, and that they had had an opportunity, at least, to contribute. Well, that is about all there was to it. I might quote you a few lines from what I said as keynote speaker when that conference began. "I am sure that a lot of you people wonder why you were called here; why you have to spend a week listening to talk about this plan. You employers, if you don't cooperate, remember that this plan talks, among other things, about wages and working conditions. If you don't agree with any of this, it cannot be successful, so we called you here to tell you about it. We want you to know about it in advance, and to cooperate in making the Manpower Plan successful."

I spoke to each of the groups in the same way about their part in making the plan a success. I cannot now tell you whether it was a success since it is still in operation. However, I get very encouraging letters telling me that the boys are marching right ahead implementing it. There had been no opposition to the things that were discussed and the plans that were made, and I can only hope that these reports are true.

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Robert Wilson, International Training Advisor,
Agency for International Development

We might begin with a definition of the private sector. It is a combination of business and labor organizations, educational and training institutions, professional societies, and foundations.

We should cover two aspects of private sector involvement in economic and social development:

1. The involvement of the developing country's private sector in its own development program; and
2. the involvement of the U.S. private sector in other countries' development programs.

It is almost impossible to make a clear separation of the two types because both are so similar.

The United States Government has determined that it is in its political and economic interest to develop the capabilities and democratic institutions in less-developed countries, and to encourage appropriate action involvement of the private sector in both categories.

The Agency for International Development (AID) has been one of the chief U.S. agents for carrying out the nation's foreign assistance program. At present, however, there are some misgivings about AID's role in foreign aid, and specifically the extent to which we should rely upon the public sector as the principal agent in promoting development in other countries. Some persons have suggested that the United States eliminate foreign aid completely. However, there are many more foresighted persons who are still convinced that we and other advanced countries must help the less-developed nations to achieve economic growth and political maturity.

No doubt, a foreign technical assistance program will continue. However, budgetary limitations are forcing AID to redesign and restructure its technical assistance program. This is happening at a critical time, when many countries are beginning to place increased emphasis on manpower development as a critical element. Thus, it is imperative that AID search out the most appropriate methods to use in maintaining an optimum effort in its manpower development program.

AID's recognition of the potential contribution of the private sector has been evidenced by Mr. Bell's (a former Director of AID) appointment of the Advisory Committee on Private Enterprise in Foreign Aid, and its most valuable report in 1966. In his keynote speech, Mr. Carter referred to this document when he spoke of AID's role as a catalyst. AID Policy Determination No. 37 further clarifies this role.

The private sector--the business and labor organizations, educational and training institutions, professional societies, and foundations--can be divided roughly into two classes: profit-making institutions and nonprofit institutions. We may further classify separately aid donors that have funds to cover the cost of goods and services to be donated to the developing country and those that can only provide goods and services when paid for through sales, contracts, loans, or grants from some other agency.

Note I am emphasizing classification because under Policy Determination No. 37, the Office of Private Resources and other AID offices are responsible for identifying, locating and appraising certain private resources that may be used in carrying out their respective goals. However, to fully identify the potential of private sector institutions I suggest this classification:

1. Profit-oriented organizations that must sell goods or services to stay in business.
2. Profit-oriented organizations interested in locating a branch or affiliating with a company in a developing country.
3. Institutions interested in making loans or investments.
4. Religious institutions which donate a large amount of goods and services.
5. Nonprofit organizations and foundations that provide goods and services under contractual arrangements to cover cost of operations.

6. Nonprofit organizations that provide goods and services paid for by their own funding sources.

There may be many other classifications for identifying the different kinds of private resources.

There are many reasons why the private sector is interested in becoming involved in economic and social development programs. For the profit-oriented organizations, there are other motivations besides expansion of business. They may want to put some of their fortune in human resource development. Some of them establish nonprofit, tax-free foundations. In this manner, money that would eventually end up in the government treasury through taxes is used to benefit a country's people, or on a worldwide basis, and the donor can direct the program to a greater extent than if it were administered by the government.

The point is that the private and the government sectors play roles that are more and more interrelated and complex. However, assurance that the private sector will play a responsible role in economic development must rest largely with the national government concerned.

National planning for economic and social development is essentially the first step. To assure the private sector a responsible role in the development program, it should have competent representation in planning and basic developing of a strategy for implementing the plans for progress. Such a strategy concerns decisions and plans for most effectively and economically developing the skills of the labor force required to support a national program for economic and social development.

One retarding factor is lack of a concerted approach by the private sector and the government for the economical and optimum use of human and physical resources for training the labor force. Far too little attention has also been paid to the standards by which to measure progress.

Some basic principles which should provide guidelines for a strategy are:

1. Primary attention should be given institutions responsible for a basic requirement for economic progress--output of more and higher quality goods and services at the most economical cost.

2. Essential is the planners' functional understanding of the role of: a) private industry, business, labor and other private sector elements; b) national, state, and local governments, including Ministries of Education, Labor and Development; c) international agencies; d) the military and public-safety agencies.

3. All too often, such factors as governmental bureaucratic structure, political structure, personalities of the individuals concerned, available funding sources, and technical assistance donor prejudices have influenced the structuring of national training systems. Usually the result is a proliferation of institutions that have insufficient finances, inadequate facilities, undertrained professional personnel, and inappropriate teaching materials and aids.

4. Design of appropriate training systems and judicious selection of appropriate training methods and techniques are basic.

5. The achievement of economic progress in developing countries demands a rapidly increasing production of goods and services, which, in turn, generates a corresponding demand for either capital or labor inputs. The demand for such inputs may involve the introduction of more modern technology in the workplace or improvement and expansion of the workforce. Both the capital and labor inputs may generate a need for retraining the existing workforce for new skills to meet different job requirements, or for training to upgrade the present skills of the existing workforce, or for training new workers. In either case, the use of modern technology or the improvement and expansion of the workforce, it will require the attention of manpower planners, since new or changed manpower requirements are being established.

6. A rather well-defined method for determining education and manpower needs has been developed and many professionals are quite skilled in the technique. However, the development of the strategy for implementing and maintaining an effective program requires a different type of knowledge and skills than those normally possessed by manpower planners.

Activities in which the private sector can become involved are:

(1) Providing consultant services to government and private organizations to make studies, conduct research, plan and develop programs, evaluate operations, programs, etc.
(2) Organize and maintain private educational and training centers.
(3) Providing education and training through private correspondence courses.
(4) Preparing and marketing instructional equipment, materials, books, etc.
(5) Providing scholarships and gifts of equipment and other physical facilities.
(6) Participating actively on manpower advisory committees and planning boards.
(7) Making loans and investments to institutions or individuals to improve their capabilities.
(8) Providing in-service training and other forms of skill-improvement training.

(9) Trying to get government agencies to adopt more modern technology which leads to job creation and better utilization of human resources.

(10) Conducting research and experimentation leading to better working conditions, more adequate medical care for workers, job creation, improved levels of education and training of the labor force, and improved governmental management.

Some factors contributing to an unfavorable "climate" for U. S. private sector involvement are:

1. Geographical distance and cultural differences between the less-developed countries and U. S. private resources.
2. Political ideologies opposed to the concept of private enterprise.
3. Political instability.
4. Unfavorable monetary and tax systems, and local laws regulating private sector involvement.
5. A level of development in the less-developed countries which is often not related to the type of goods and services offered by the U. S. private sector.
6. Inability of small industrial or business enterprises to undertake necessary feasibility studies to identify countries favorable for potential involvement.

I am sure many of you can add other factors.

I would now like to list two or three examples of development of the private sector in certain countries. As illustration, take the national system for teaching electronics in Venezuela. In Venezuela, after two or three weeks work under AID sponsorship, a U. S. A. firm contracted with a Venezuela national agency to train teachers, develop methods, etc. After three years, this activity had expanded to over half a million dollars. AID had invested only $3,000. Other countries have become interested. The program thus produced a multiplier effect.

Another illustration is a similar contract in Venezuela to develop an educational program--teaching materials, programmed instruction, systems approach to training, etc.--in Venezuela. Later, the Venezuelan Government contracted directly with the firm. The firm then went to another country and eventually established in Venezuela a private enterprise in colloboration with a local firm, and is now operating entirely on its own capital, and with the assistance of local people.

AID Policy Determination Number 37 recognizes the potential created in these examples. It states:

> "Where a United States firm or nongovernmental institution is placed under contract for an overseas project, a relationship is created which has the potential--after cessation of AID financing--of being independently extended or renewed for the mutual benefit of both parties and in furtherance of AID's broad objectives. This potential for 'by-product assistance' does not exist when the job is accomplished by government personnel. Nor does it often exist when single individuals are placed under contract."

To conclude, I want to list some suggestions for more effective involvement of the private sector.

1. The private sector should submit guidelines to AID and other U. S. Government representatives for increasing involvement of the host country's own private sector as well as the U. S. private sector.
2. Through joint sponsorship with the U. S. Government, the private sector should provide educational and training programs leading to greater involvement of host country and U. S. private sectors.
3. Develop a register of private sector resources.
4. Develop a joint U. S. Government and private sector publication, oriented toward private sector involvement, accomplishments, and opportunities.
5. Provide joint U. S. Government and private sector training programs or symposiums in the United States which might include techniques for assessing the "climate" for private sector involvement, for optimum use of the private sectors, to organize the private sector for effective involvement.

Any one of these suggestions would lead to more effective involvement of the private sector and could well be the subject of a joint U. S. Government and private sector study program.

Summary

Three important factors concern the involvement of the private sectors: 1) developmental problems in the lesser developed countries; 2) private resources in the United States capable of serving effectively in the total foreign assistance program; and 3) the U. S. Government's conviction that the private sector can make an important contribution.

The purpose of this symposium is to discuss bridging the gap between resources and development. I have no doubt that this very audience can come up with workable solutions.

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DISCUSSION:

The discussion between panel members and the audience elicited the following points:

1. A member of the audience suggested it would be desirable if the AID missions provided private U. S. resources seeking technical assistance opportunities with a compilation of developments in the foreign countries, their state of progress, financing, and names of directors. It would also be desirable if the AID missions assisted such private resources in arranging for meetings with appropriate host country officials.

2. Just as there are U. S. private resources seeking to furnish technical assistance to LDC's, there are indigenous agencies and foundations seeking to provide aid in education, training programs, and manpower development.

3. Another suggestion from the audience was the compilation of private sector ideas which would be presented to the public and private sectors in the host country at a meeting of U. S. and indigenous people. The Council for Latin America is doing something like this now.

4. Women in developing countries play a highly significant role in consumer cooperatives, agricultural cooperatives, education, vocational training. For example, women in the Philippines, Malaysia, Latin America, and Africa have undertaken educational projects and established schools to supplement what government and private agencies are doing. Women are also engaged in health and sanitation projects, and day nurseries. They can be counted on to further human resource and manpower development.

CASE HISTORIES

James A. Dollard, IBM World Trade Corporation

In the year One there were 250 million people on this earth; 1,500 years later, roughly, in the year 1500, the population doubled to 500 million; 400 years later, in the year 1900, it was 1,200,000,000; 67 years later, or in 1967, it was about 3,100,000,000, and 32 years from now, it will be six billion. Among the countries of the world the rates of population growth of the United States and the countries of Europe are considerably slower than those of China, India, and the countries of Africa and Latin America. Significantly, even today--and it will be so in the year 2000--the developing countries account for 66 percent of the total world population, and by the year 2000, 66 percent of six or seven billion people will be intolerable.

The problems stemming from this vast population increase, of course, are enormous. One problem is food supply, particularly when we use only four percent of our total land mass to provide food for these people. Grinding poverty--and I have seen it everywhere during my extensive world travels--chronic ill health and paralyzing illiteracy provide other examples. When you consider that of 3,521 years only 286, or eight percent of the total, were peaceful years, and that during those 3,521 years 8,000 peace treaties were broken, the problem of living in peace is no less a problem than those I have already mentioned.

Now, all of this is nothing new. What is new, however, is the proximity of all of this, and the jet-age has made it worse.

Therefore, it is my opinion, and the opinion of my company, that industry's responsibilities are enormous, and that we had better put them into focus soon. We must get involved; I am about to discuss one way that IBM felt that it could get involved.

Our IBM program in Africa started in 1964. During five trips to Africa to find out how IBM could help Africa help itself, I visited almost every country, concentrating on the political situation and on the universities. I stayed away from IBM offices because I was more interested in what the Africans had to say. Wherever I visited I asked, "How can IBM do its part?" With one exception the reply was, "Help us in the area IBM knows best--the technical area."

We then planned a two-year training program, including 2,000 hours of training on computers and unit record equipment, and 500 hours of liberal arts training, equivalent to one and one-half years of college and covering Economics, Mathmatics, English, French, Public Administration, Business Law, Business Correspondence, and Accounting. For the IBM equipment training program we brought over five instructors. For the liberal arts training program we hired local professors.

One major problem was where to establish the training center. We discussed this problem in many countries. We finally decided to build a new school on the campus of the University of Ibadan, Nigeria (located about 100 miles north of the Nigerian capital of Lagos). When construction was completed, quality of the school buildings was comparable to similar schools in the United States. There were five classrooms, offices for the faculty, student lounges, and other facilities.

We advertised for potential students in the African equivalent of LIFE magazine, and in newspapers throughout the African English-speaking countries. We received over 5,000 applications. However, we had planned to train only 50 candidates and did not anticipate such a flood of applications.

Selection procedures were necessary. Any of you who has been to Africa or to some countries of South America and Asia know that United States testing procedures will not always work. The best students were receiving C's and D's in aptitude tests. Only one of every 100 persons interviewed could qualify for our particular type of training program.

We had to construct a new battery of tests, and requested the American Institute of Research to assist us. By fixing the age qualification between 23 and 35 years of age, we were left with 1,200 applicants. Giving them general interest and advanced reading tests reduced the number of eligibles to 632. Aptitude tests in mathmatics, English, logic and clerical skills further reduced the number of qualifying applicants to 224. A final test for potential leadership qualities, a "leaderless group test," was given. Five applicants assembled in a room. A moderator would introduce a subject of national interest, such as, "What do you think of the educational systems in Africa?" As each applicant responded and the discussion progressed (about 20 minutes was allotted to each applicant), a leader of the group would eventually emerge. That was the person we selected. We would have wanted to select all 224 persons but were unable to do so. We believed that the final test was a fair way of choosing the best among them. Seventy-five persons passed, and we selected 52 persons from this group.

In our training program we encountered another problem. Teaching methods in the United States, Canada, or Europe were not applicable in Africa. Many students had been accustomed to learning by memorizing, solely to pass a test. They were unable to distinguish between theory and problem solving. Thus, in the beginning, it took three times longer to teach them the nature and operation of the simpler pieces of punch card equipment. Our training objective was not only to produce data processing managers for our company but for whoever wished to hire them.

To deal with this problem we introduced "learner control teaching." We did not invent this method of teaching, but it was new to Africa. The teacher would distribute a packet of problems on the first school day of the week, explain what he wanted done, and then remain silent. At the rear of the room was a complete library which the students would examine for solutions to the problems. The teacher would wait for the student to ask the first question, and, believe me, it was difficult for an American teacher to remain silent for what appeared to be hours but in actuality were only a few minutes before the first question was asked. We instructed our teachers to answer the questions only and not to expound on them. Questions came rapidly after a while. If one has to look up the answers to questions posed by the problems and to think about them, the answers will never be forgotten. This teaching technique is a real reinforcement to the learning process. Using this method, we were able to teach the students at the same level and rate as in our training programs in the United States and Europe. We also used programmed instruction with which you are already familiar, but was then relatively new.

We had also a selling job to do--to convince these youngsters they were capable of mastering the subject matter. These youngsters suffered from an inferiority complex about their capacities and abilities. We impressed upon them that the machines were only pieces of hardware--they had an IBM 1401 Computer at that time--and that they need not be afraid of it since they were the masters and the machines were the servants. The students were told that intelligence, ability, and capacity know no color line.

We encouraged them to become more familiar with the machines by keeping the school open 24 hours a day--the key was thrown away. You would be surprised to learn that a large number of the students used the school facilities around the clock.

At the end of the two-year training program 51 of the 52 students graduated; each has a data processing job, some in management positions. A few joined our competitors; however, that was all right, too.

After the program was completed, the building and equipment were given to the university, which is still using it. The facilities today are used 80 hours a week for training advanced students, for graduate work in the social sciences, agriculture, and in medical research. Other Nigerian universities are allowed to participate.

Malaysia was quite different, and I do not have much to say about our experience there. We started a program in that country. Perhaps because of the already high level of education there, our school became a regular training center, similar to our centers in Chicago, Los Angeles, and other parts of the U. S. and Europe.

We recruited our sales trainees from Indonesia, the Philippines, and a few other Southeast Asian countries.

I have traveled extensively throughout the world and would like to present some impressions. First, I was really impressed with the dynamic personality of the leaders I met. Too much is said about their inability to do things as we do them elsewhere. Although their number may not be large, they are really efficient and dedicated. Second, I believe it best to train people in their own countries rather than in the United States or Europe. For some reason, an alienation of culture occurs when they are away from their countries for several years, to such an extent, that when they return home they are not suited emotionally to do the work they were trained to do. I suppose they are too young. If they must be trained abroad, in London or New York City or elsewhere, such training should be after they have completed their college career or at some post-graduate level. In the places I visited in Africa I found the teaching to be excellent, the school facilities most modern.

There is a tremendous gap between the primary and higher levels of education. A considerable amount of money is spent at those two levels even at the sacrifice of the middle level, and that middle is a "technical gap." Generally a graduate will feel there are only a few fields he can fit into, government, law, banking.

How can these countries maintain a five to six percent gross national product and a ten percent growth of industry per year without a sufficient supply of skilled workers? What good are engines without engineers, lathes without operators, tractors without mechanics, or computers without programmers? Technology can be imported but the technician must be trained at home.

The prejudice against manual labor is another problem to be overcome, although I believe some progress has been made. At first, these youngsters would not even carry a 15 pound control panel from the school building to their campus dormitories because it involved manual labor. They felt someone else should perform that type of work. Eventually they overcame this inhibition. To be sure, 50 is not a large number, but standing alone it is an accomplishment, a beginning, and perhaps somewhere else others can add a few hundred, or a few thousand more.

A nation's only true wealth lies in its capacity to practice better ideas. An empty belly does not give a darn about society or culture, nor does it understand law. What the underdeveloped nations must accomplish in the years to come required centuries to do in Europe and the United States. Everyone must play this game, and I am talking particularly about industry. We must participate; we must get in there and help. Paul Hoffman once said, never in the history of mankind has it been more important for management to take a hard, searching look at itself and its responsibilities if we are to have a better tomorrow or, for that matter, any tomorrow at all.

* * * * *

L. O. Mellen, President, Training Within Industry, Inc.

We believe entirely that getting middle-management and workers to do a job is what will bring a country up slowly by its boot straps.

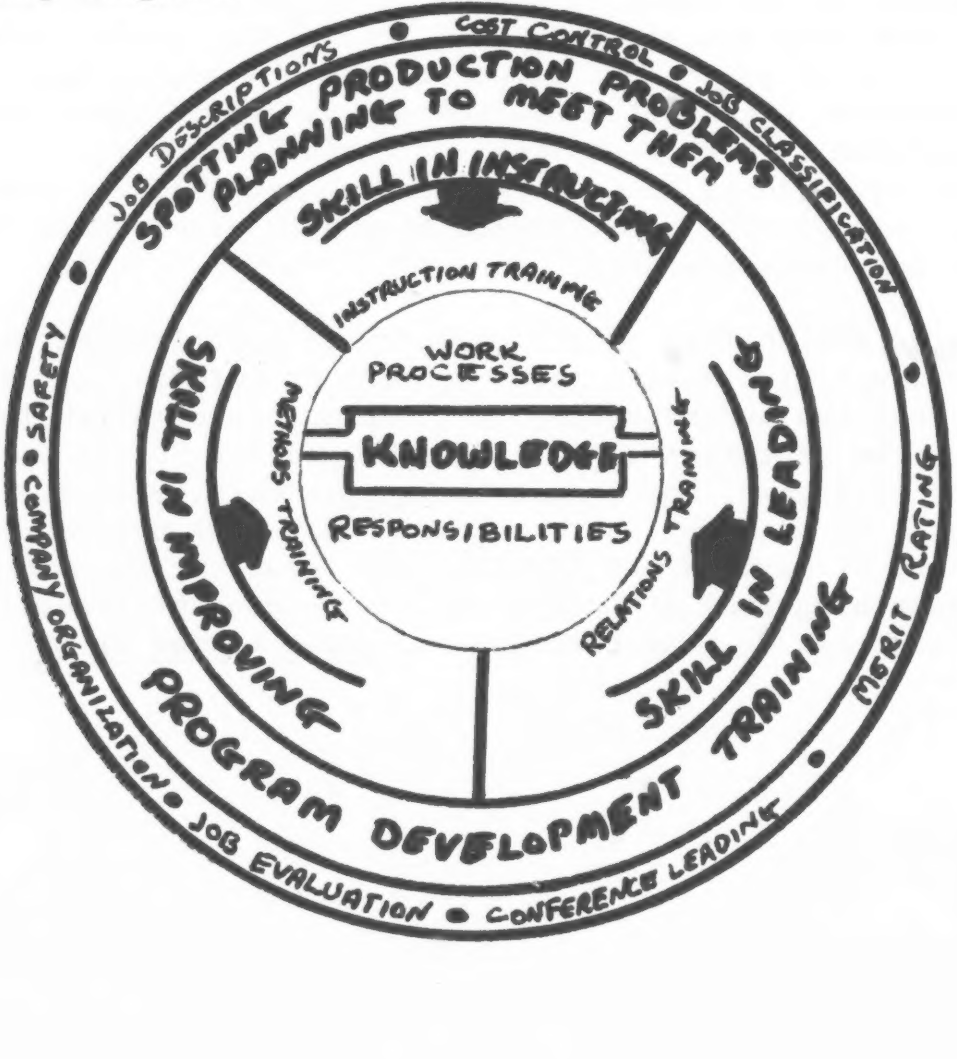
I will take a few minutes on how we got started in Indonesia. In 1955 we arranged Training Within Industry Program demonstrations in private, government-controlled, and semigovernment-controlled industries and talked to labor and business groups to create some interest in the TWI. Together with AID they worked out a program, and we were given a contract to begin the TWI program in Indonesia.

The best way to understand what we did is to start with a very brief outline of the TWI basic program.

In Indonesia, we put on only the basic TWI programs. We worked at the high, medium, and lower levels because in the emerging countries we must start with basic management training for the manager or supervisor, from the factory manager on down to the newest lead man.

Our basic concept is that acceptable productivity of worker or machine depends on effective management skill in applying conventional production procedures or controls. The emerging countries are not ready for the very sophisticated production controls used in General Motors plants.

The chart will give you an idea of the basic components of the Training Within Industry Programs.


COST CONTROL
JOB CLASSIFICATION
MERIT RATING
CONFERENCE LEADING
JOB EVALUATION
COMPANY ORGANIZATION
SAFETY
JOB DESCRIPTIONS
SPOTTING PRODUCTION PROBLEMS
PLANNING TO MEET THEM
PROGRAM DEVELOPMENT TRAINING
SKILL IN INSTRUCTING
INSTRUCTION TRAINING
SKILL IN LEADING
RELATIONS TRAINING
SKILL IN IMPROVING
METHODS TRAINING
WORK PROCESSES
KNOWLEDGE
RESPONSIBILITIES

At the core of the program is knowledge. The needs of any supervisor or manager, whether he be a factory manager or the lead man, is knowledge. He must have a knowledge of the work processes and a knowledge of his responsibilities. Surrounding the core of knowledge are three basic skills of management:

1. Skill in instructing--the word now frequently used is communications;
2. Skill in improving--including similar terms, such as work simplification and work improvement.
3. Skill in leading--some call it public relations, industrial relations or personnel relations.

To keep these interests in focus there must be planning, which we call program development. An individual foreman, general foreman, or superintendent must constantly develop programs to keep these skills in operation within his department or within his factory.

Do we need very much more than those basic skills? Suppose a glass manufacturing company produces ash trays, and the salesman says they are not smooth enough. This is a very basic example.

There are only three reasons why this ash tray is not sufficiently smooth.

1. The worker does not know how to make the ash tray according to specifications or standard operating procedures, or
2. He does not want to do it according to specifications or according to quality standards, or
3. The method of making the ash tray is wrong.

If there are any other reasons, I would like to know them. I have talked to hundreds and thousands of managers and superintendents from all types of industries, and they have never given me any but those three basic reasons.

Many managers and personnel men say there are additional needs, such as job descriptions and standard operating procedures. Actually, I can take an analysis from a job instruction breakdown and a method operation breakdown and write a job description for any job, whether in a foundry, agricultural occupation or office, in textiles, or what-not.

Our plan has developed on the accepted truth that all managers and supervisors have the same basic needs, and, believe me, they do.

Now, these analysis patterns for instruction, for improving or for laying out a plan of leading are universal. Do you mean to tell me that a good industrial engineer from the Goodyear Tire and Rubber Company, cannot go to IBM and within a few days, do a pretty good job? Whether he works for the Goodyear Tire and Rubber Company or for IBM he uses the same pattern of analysis. We work on the basic principles.

In Indonesia we trained a cadre of people who could train others to do this analysis themselves. Thus, we only had to work with a few people to achieve a tremendous amount of coverage.

Training of managers, or management at all levels, has three principal requirements:

1. Understanding the supervisor's needs--that is the planning function.
2. Learning the scientific patterns of analysis to meet all problems and responsibilities. No one will question my statement, I am sure, that the man from Goodyear can work for IBM.
3. Applying these basic analysis patterns. Any manager has to develop some skill in using these patterns of analysis.

In Indonesia, we trained a group of master trainers (for each basic management skill), persons who are prepared to train other trainers. After ten master trainers (an average group) have completed the "master institute training" each goes into the factory and works with groups of ten more men--supervisors, engineers, or whatever they may be--and shows them how to use the pattern of analysis for instructing others. Another group of master trainers who are trained in method improvement can train a group of master trainers, and they later can train ten more, etc. This is the pattern for all the basic management or supervisory skills.

Now, with this type of multiplication, Indonesia does not even need ten master trainers for each basic skill of management. You can work out with pencil and paper how many supervisors can be trained in two or three months by these ten master trainers. It is phenomenal.

Now, that is the program and what we did with these basic skills of management to prepare a cadre of master trainers in Instruction Relations and in Job Improvement.

How would we prepare workers to understand work processes better?

Only by use of better instruction and by analyzing the job could workers acquire such understanding. When the foreman and shop supervisor make their job analysis of how to train the worker, how to communicate ideas, how to get the job done safely, correctly, and in a reasonable time, only then are they doing the job themselves. The worker will accept a job description, or a job process prepared by his foreman much quicker and with less reluctance than he will a job description or a process worked out by the engineers from the main office.

First, our specialists went into Djakarta and other industrial areas and explained the program to business people and groups from the Chamber of Commerce and Chambers of Industry. We also gave these preview sessions to labor leaders, and to the various Ministers of Indonesia. Our manuals are only outlines so that the person setting up our program must use his own words and his own personality.

With the help of a working group and translations of our manuals we carried out the details of the program.

After two months in Indonesia we started our first master trainer institute. We obtained the best trainees possible, and about 80 percent of them made the grade.

When these men had completed the classroom work, we held training demonstrations on jobs in their own companies or in other companies located close to the training center. During these demonstrations our specialist accompanies the Indonesian trainer to the first company at which he is to work, and where he will use the manual that has been translated into his language. While the trainer puts on the training session with ten foremen, the TWI specialist through the services of an interpreter, determines whether the trainer is using the manual correctly. The TWI specialist ensures that the trainer chooses a reasonably good job demonstration. We are not afraid to take the most difficult job or one never used before, but it is better not to use them at the very beginning.

The point is that our man goes with the Indonesian trainer to a factory and shows him how to use the program.

Now, that is the main difference between the TWI incorporated installation and many other TWI installations you heard about. The thing that has made the Indonesia installation a success has been taking it into the shop and showing them how to use it.

The best trainers then, are chosen for a post graduate course to be master trainers.

The master trainers in Indonesia and elsewhere are prepared on how to do refresher training and how to talk to industrial groups or management groups on promotion of the program and on follow through.

Now, perhaps you want to know a little bit about our results. The last official report is as of June 1966.

Between 25 and 30 thousand Indonesians were trained. We worked with such private industries as glass, paper, drugs, rugs, batteries, rubber tires, meat packing, fish processing, soap, oil, ship building, baby foods, beer, oil, gasoline, knitting, shoes, trucks. In the government-owned industries we covered tobacco, railroads, trucks, pharmacy, banking, tires, and so forth.

The American companies offering their trainers to help some of the smaller Indonesian companies are Standard Oil of New York, Shell, Stanvac, National Carbon, and Goodyear Tire.

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DISCUSSION:

The discussion between the audience and the panel elicited the following points:

1. The Training Within Industry group was in Indonesia for 20 months. After that, a productivity center was set up, most probably by the government with some private resource people in it, and some training is still going on. The training was given through a 12-hour program. The material and manuals were essentially the same as used in the United States. In the practical application, however, there were substantial improvements.

The original TWI basic materials have been translated into Spanish. Only the revised materials are copyrighted and these have not been translated into Spanish.

2. The Nigerian electronic data training completely funded by IBM, was only a one-shot deal, to be carried on thereafter by the University. The University, however, is not continuing with the training but, instead, is using the center for computing purposes. Similar training should be carried on in South America, Southeast Asia, and elsewhere in Africa.

THURSDAY, APRIL 4, 1968

PRIVATE RESOURCES AND DEVELOPMENT OF SPECIFIED SECTORS

Douglas Caton, Director,
Agricultural and Rural Development Service, AID

We have a dearth of trained manpower at all levels in the agricultural sector. In particular, our ability to train people for agricultural research has been disrupted by the reduction in overseas direct-hire agricultural missions.

AID's agricultural research activities, which are largely on a bilateral basis, between the United States and individual countries, have been severely affected. Some projects, for example, that took us three years to develop were eliminated completely. As a result, we are now giving increasing attention to other types of technical services.

Based on our experience, the problem has two principal elements. One is an illusion that we can really do something about training manpower with regard to food production or research merely by listing it. It is difficult to develop manpower in a short time for completion of existing programs, many of which involve higher genetics, unusual control methods entailing new techniques, such as the sterilization of the tsetse fly. Yet the tsetse fly must be controlled if we are to prevent the spread of encephalitis. Similarly, we lack trained people overseas on all levels of production, in management, marketing, planning, and in the formulation of policy. The private sector must be utilized.

Looking at agricultural development from the manpower training view, there are some outstanding examples of training programs which are consistent with the needs and requirements of a particular country; we also have, unfortunately, many more examples of failures.

Three major principles are involved. The first major principle is relevancy to the country's needs. In this regard, take the case of putting Peace Corps workers through a six-week training program in poultry production at the University of California on the premise that available surplus foods in India could be utilized to feed poultry, which, in turn, would produce more chickens and eggs. However, what was to be done with the chickens and the eggs, and how long the supply of materials would be available were not considered. This project, which lasted two years, failed because the supply of surplus materials was very soon exhausted and because the increased production broke the market. As a consequence, there was a very adverse effect. It will now take much persuasion to get the Indian poultry raisers interested in increasing poultry production again. It is clear the Peace Corps trainees were not given minimum training in food materials and in understanding effective market demands.

I can cite other cases in Latin America and Africa where increased production is futile without better markets. Thus a survey team went to Dahomey to determine whether something could be done about livestock and plant diseases which prevented the development of export products. After examining their agricultural survey, I concluded that livestock diseases actually played a positive role in agricultural development because to feed more livestock they needed a sufficient supply of grass, which they did not have. Even if they had the grass they did not have the roads, and if they had the roads, there was no internal demand. Local consumption would absorb very little of the domestic product. It was useless to train the people of Dahomey to deal with the eradication of livestock diseases.

In one country, a project undertook to convert existing plant facilities to manufacture applesauce. But the project sponsors had never asked if apple trees could be grown in that country and where the applesauce would be sold. Time and time again I encounter people who do not analyze the problem completely, and thus provide training for useless tasks. As regards training, one must ask, "Is it relevant to the country's needs? Is it viable? Would the training program be counter productive? Would it draw too much on manpower resources needed elsewhere?"

The second major principle concerns incentive and motivation for participation. People must be involved and brought into the entire development process. They must become a part of the total process.

The third major principle is flexible continuity in the growth and development of competent manpower. You must provide for higher levels of skill training to ensure continuity of the total training process if the development process is to take place in a uniform way. Nevertheless, you will always encounter a particular problem you could not anticipate and for which you have to provide training before you can proceed.

There are other illustrations of the very effective use of the private sector in manpower development. The Esso Fertilizer and Agriculture Chemical Company program in the Philippines is an excellent example of perceptiveness, judgment, and keen insight in how to develop a market for potential fertilizer use in a developing country. The Esso program focused upon training and participation of Filipinos, who would serve as a vehicle to extend production knowledge to the farmer. It provides a certain amount of credit through a tie-in with the Rural Development Bank in the Philippines, and is back-stopped by a variety of technicians--agronomists, fertilizer production experts, and others who played a leading development role by functioning as dealers for distributing needed inputs such as pesticides and various types of plant seeds.

When the International Rice Research Institute (IRRI), at Los Banos in the Philippines, began its research program, it announced a policy to make its research findings available to anyone who wished to have them. The Institute soon recognized it had to train people in product techniques, marketing processes, problem detection, and in other areas. As part of its contribution to the field it undertook to integrate its research and training activities.

Similarly, the regional vegetable production and marketing research center established in Taiwan to develop improved seed varieties will now train people in adaptive research and extension methods. Technicians will go from the Republic of China to other countries to involve the people of those countries in development, rather than merely provide knowledge and improved materials to a small number of people sent to Taiwan. Thus, under Project Vanguard, covering 23 countries in Africa, and incidentally with very little publicity, about 500 Chinese farmers are training other farmers in methods to improve rice production. Although concerned only with rice production, the project is, nevertheless, a tremendously important, and positive input. Unfortunately, in many countries the training is limited by lack of essential infrastructures and institutional structures.

We must recognize, therefore, in such situations, that we first have to create a matrix of infrastructural and institutional foundations and supports that will use new materials and technology; unless this is created we are only performing a demonstration activity.

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Carl Goderez

Office of Foreign Direct Investments, Department of Commerce

When I was with AID we learned very rapidly that much as we might talk about capital, technology, or any other aspect of economic development, the global problem of development comes down to people. Inevitably you find yourself reducing the whole thing to a discussion of developing people and their skills.

I will confine my comments to Latin America since I know that area best. What I say, of course, also applies to the Near East, the Far East, and to Africa, for although the statistics may differ, the basic approaches are the same as in Latin America. The population of Latin America is 250,000,000, increasing at the rate of 7,500,000 per year. I doubt very much that population control efforts will show a reduction in that growth in the foreseeable future. Possibly one-third of the population is economically active, that is, works for a living. The problem boils down to providing 2,500,000 new jobs each year over the coming years in Latin America, a very high percentage of which must be filled by skilled and professional people. Of these needed jobs, 1,000,000 must be supplied by industry and related activities; the rest would be in the service, agriculture, government and other sectors.

The total effort in up-grading the skills of the industrial labor force in Latin America, that is, the money and people devoted to developing human resources funded by Government, the foundations, AID, the United Nations, and all the other agencies interested in this problem is far short of the need.

The traditional AID approach--the institutional approach--is similar to that of the United Nations, the Organization of American States, and other international agencies. The theory has been that if we create institutions devoted to manpower development or human resources development, a growing body of trained and skilled people will emerge who will accelerate development. No one can argue with the objective. However, in some areas, the institutions are producing manpower for whom there are no jobs. By thus creating a body of articulate, trained, frustrated and bitter individuals, and who are without jobs, we may actually be contributing to a defeat of the entire development effort.

This does not mean we must stop the institutional approach. What it does mean is that parallel with this approach we must attract private investment to create the jobs for which we have trained these people. During the last two or three years AID has given job-creation very high priority.

In AID, the Office of Private Resources has been organized as a global private business development center. In addition, the Bureau for Latin America has funded a new institution devoted to the promotion of investment opportunities for U. S. business. The Inter-American Investment Development Center has been operating for approximately three months, and very encouraging results have been reported. U. S. firms have been stimulated to go to Latin America to look at potential business opportunities. Unfortunately, these same firms will now come up against a new program to deal with our balance-of-payments problems; this program was created in January, 1968, by my office--the Office of Foreign Direct Investment. We thus have two government sections apparently in functional opposition to each other. However, negotiations are in process among the State Department, AID, and the Office of Foreign Direct Investment to arrive at a modus operandi. We hope to arrive eventually at a sensible joint approach to the problem.

Industry's manpower or human resource development contributes to solving overall problems, something for which it may not receive appropriate recognition. All who have been in the undeveloped areas and have seen a new factory built in a previously agricultural center, small town, or suburban area near a large city, know that one of the problems is how to man the factory. Large American firms, of course, bring in a task force of three or more key supervisors. For example, General Motors brought in 183 people to start their new plant in Argentina. Then, one asks, what happens when an industrial firm examines its staffing problems at the lower levels. If institutions for training people exist, the firm obtains its trained manpower requirements from this source. Through employment of the nation's trained personnel, the firm becomes a focal point for achieving accelerated economic development. If there are no such institutions, the large company organizes its own training institution. This is what Ford did when it set up a vocational school in Argentina.

The very taking of an unskilled man into an industrial firm owned by a large international company, whether it be European or American, begins a personal development program for him, even though he may never actually take formal training. Thus, human development is inherent in the entire industrial development process. What I am trying to say is that you cannot departmentalize; there is a parallel need for both institutions and private investment.

I would like to refer to a few of our outstanding successes in Latin America. In Medellin, Colombia, the undergraduate School of Finance and Administration offers a 5 1/2 year work-study course in Business Administration and Finance, organized by the Colombian private sector, and wholly supported by it. AID helped to develop the curriculum and teachers, but AID's input was marginal. The success of this institution and its program is almost entirely that of the private sector, and this, I submit, is a very healthy type of development. Institutions that arise out of AID grants may not survive when the grants begin to dry up. Many institutions in Latin America are now in a very serious condition because anticipated support from AID is not forthcoming. Thus, we return to the necessity for institutional development based on the private sector with Government input if available, assisting, but not supplanting, private sector support and funding.

In Cali, Colombia, the Industrial Management Training Program in the Economics Department of the Universidad del Valle is one of the few Latin American institutions offering a Master Degree in Business Administration. This program offers both day and evening training courses. A Ford Foundation grant made possible the development of the curricula and the training of the teaching staff. Private business groups in Atlanta, Georgia, and Georgia Tech University have contributed additional assistance. There has been no AID input. Colombian Government assistance is given through normal channels by way of the Faculty of Economics of the University. The private sector of Colombia is the decisive contributor. This is another healthy type of institutional development; the institution need not worry each year whether it will obtain money from an unpredictable foreign government agency.

The School of Business and Public Administration in Caracas, Venezuela, a new graduate school, is being organized by the private sector with Ford Foundation and Creole Petroleum contributions. Classes begin in the fall of 1968, and course completion leads to a Master Degree in Business Administration. In this case local private sectors, commercial houses, and the business associations are providing support, financial and otherwise.

The Monterrey Institute of Technology in Monterrey, Mexico, is probably the most outstanding example. Established with AID assistance many years ago, it now receives only marginal assistance. The principal support comes from the Mexican private sector. The Institute has become an outstanding center of excellence, able to stand on its own feet. It offers training in industrial engineering, undergraduate and graduate training in business administration, and over the years it has also served as an important third-country training resource for Latin America.

Some of you may have heard of the AID/PEP (Private Enterprise Promotion) program, a large component of which is training selected Latin Americans in area and community development. They are brought to the United States for training varying from six weeks to three or four months. Participants work in state development offices in U. S. areas not too different from their own, such as Alabama, Arkansas, and Mississippi. The function of the American development office is to attract industry. New industry provides jobs and pays taxes. With the taxes you can build schools. With the payroll of the factory the community gains more taxes, and so on--you have begun the upward spiral. The same process is also true for Latin America.

We have given assistance to 12 Latin American countries; a very large element in each development center is manpower development. Between 1961 and 1966, in one country alone, Colombia, 25,000 managers were trained. This may not be a total blessing, for I wonder how many are now working in jobs for which they were trained. Has there been a commensurate flow of investment capital to provide jobs for these people?

In closing, I will say simply this--no matter how much money AID or other government or quasi-government institutions pour into training, the problem will not be solved unless we get the private sector involved and private investment flowing. Manpower development and capital investment must proceed simultaneously.

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DISCUSSION:

The discussion between the panel members and the audience elicited the following comments:

1. Federal budget reductions will not affect funds going to the UN Development Fund. But the reductions do affect all Federal agencies working for or with AID, as well as all private sector contracts with AID. Thus, overseas manpower and training programs will be affected, some very seriously. The reduction emphasizes the need for the kind of relationship illustrated by development of the so-called "small tractor." AID set up the overall design for use by the peasant farmer in the traditional agricultural area and the Ford Tractor Company built it and is now perfecting some of the accompanying implements. Now AID and the company will cooperate in developing a marketing system and an "institutional improvement" curriculum. The company provides the financing and AID the technical guidance.

Another illustration is the development of a high protein food to combat malnutrition. A few years ago, AID would have contracted with a university to tackle the problem. Now, instead, there are contracts with the larger food suppliers in the United States under which AID supplies a small sum of money and the companies make a market survey to determine the local standards of palatability and taste, they develop a prototype food at a low enough cost, and then set up a marketing system, the production plant, etc. Essentially, these companies are converting already-developed high protein products to meet local desires.

Of course, another approach opposed to the protein additive is the genetic route by developing higher protein grains and cereals, such as the new seeds which have resulted in a 50 percent protein increase in corn and a 100 percent protein increase in sorghum. This is significant because 70 million Africans live on sorghum.

2. Consideration has been given to enable employers to reduce their U. S. tax depending on the amount of money invested in underdeveloped areas. The idea has never gotten through Congress. But there nevertheless is an effective incentive--the guarantee program. Over $30 billion worth of guarantee contracts are in existence today. There are also direct loans to companies.

3. United States firms can, and do, make two contributions not hitherto mentioned: a) the concept of a fair day's pay for a fair day's work, thus emphasizing the relationship of pay to productivity; b) recognition of workers as human beings, a factor U. S. firms seek to attain through their supervisory training and through their management. Gradually, indigenous firms pick up these attitudes.

4. Just as AID tries to serve as catalyst to U. S. firms, there are catalyst agencies in underdeveloped countries. But many more such agencies are needed.

John Turner, Staff Lecturer,
MIT-Harvard Joint Center for Urban Studies

My image of urban development was gained during seven years of field work in low-income housing and urban development in Peru, most of the time as an employee of Peruvian government housing agencies. I had plenty of opportunity to work with private and local community organizations as well as with government institutions.

The orthodox division of economic activities into "public" and "private" sectors is confusing. We need to separate out the way the mass of people act in a society with a pre-industrial subsistence economy, that is progressing to a modern industrial economy, from what we mean when talking about the "private" sector. This is especially necessary when discussing urban development, most of which consists of private homes--about 60 percent in a modern economy, and very much more than that in a transitional one where industrial investment is usually 25 percent or less that of a modern economy and where the number of motor vehicles per capita is many times less. Most private dwellings in both pre-industrial and in transitional economies are built by owner-occupiers. At least 2/3 of the over half a million new dwellings established in the ten principal cities and towns of Peru during the past 25 years, trebling the total urban area and population, have been erected by low-income, or very low income families.

Technically, the vast majority of them are squatters. Peru is typical of the majority of countries in the urbanizing world. Both legally and commercially the greater part of the urbanizing populations are largely autonomous in their house building or, considered collectively, city-building. Officials and statisticians are apt to ignore these embarrassing facts, leaving huge holes on their maps and huge gaps in their data.

Only a few years ago, in Peru, an international consultant for the Inter-American Development Bank was puzzled to see the barriadas of Lima represented on the plans for a new city water supply as unoccupied desert land. Nearly a quarter of the metropolitan population was ignored--the sector of the population which, in fact, grows at 12 percent, or twice the rate of the city as a whole. As the barriada, or rancho, populations are young, are voters, and are builders of generally permanent structures, thinking they will go away if ignored for long enough is monstrously wishful thinking. The contemporary city in the urbanizing world is the threshold of modernization for the masses and it is the masses who build it. If he who owns the land runs the government, then squatting is the most powerful force for democracy in the urbanizing world.

The role of such urban development is obviously vital. Unfortunately, we know very little about it so some of the things I say are personal opinions and propositions or working hypotheses rather than authoritative facts. I will start by stating my main propositions:

1. The construction industry, in the popular, private commercial, and public sectors, is by far the most important bridge to the modern world.
2. This process must not be slowed down; high rates of employment and high labor intensity must be maintained.
3. The public sector's exiguous resources must not be squandered on the usual housing projects so dearly loved by many of my colleagues and by many politicians, who ought to know better.

My first proposition is not, of course, original; the construction industry employs between one-sixth and one-fifth of the labor force in the cities of developing areas and at least 40 percent of gross fixed capital investment goes into housing and local infrastructure. In several of the rare reports I have seen on how migrants and the urban poor get settled into jobs and city life, a majority do so through the building industry which offers a high proportion of unskilled short-term employment.

The second proposition implies it is a good thing for people to come to the city and, even, to encourage rural-urban migration although this is a hotly debated issue. I am not surprised by analyses such as that in Laughlin Currie's book, Accelerating Development, claiming that no less than 77 percent of the present rural population of Colombia must be transferred to the cities if enough food is to be grown to feed the rapidly growing population. His very interesting and very relevant plan is to employ this vast and necessary increase of urban population to construct essential urban infrastructure. Although I disagree with some aspects of Currie's thesis, the main argument seems unassailable: massive rural-urban migration is happening anyway and no government has yet been able to stop it. Those fearing rural-urban migration must circumvent two vital facts: that rapid population growth, empirically, falls only when the population is highly urbanized; and, that increased agricultural production generally demands a reduction of the ratio of men to land. Another observation might be included: we do not live in an underpopulated world of rapidly expanding agricultural frontiers as in the United States up to the end of the last century.

My second main proposition also implies that the building industry must not be prematurely industrialized. Attempts to introduce technological innovations which reduce labor input, but which do not compensate by increasing demand, must be allowed to die the rapid natural deaths that, fortunately, seem to have overtaken them.

As regards the third proposition, there are signs that various governments are changing their housing and urban development policies. Abandoning the now obviously useless attempt to substitute for the action of the people, they are turning to ways and means of supporting the popular sector.

The Cooperación Popular programs in Peru and the Promoción Popular programs in Chile are based on cooperation of the public and popular sectors and represent a revolution of attitude which will surely bring about a revolution of policies and institutions, even if present efforts turn out to be disappointing. Though the Peruvian program does not apply to the urban areas of Peru, the idea of giving the people the tools and supporting services they need to do what they can do often far better than clumsy institutions is indeed revolutionary.

The great majority of urban families from the towns and villages and those who occupied the central city slums before moving to a squatter settlement, and who now have better housing, have improved their employment status because they themselves took the initiative.

The average "low-cost" housing unit, public or private, costs between four and six times the annual income of the typical wage-earning family--two to three times as much as they can reasonably afford. Ruben Utria has calculated that over 80 percent of the low-income sector in the cities of Latin America are unable to afford the real, unsubsidized cost of the so-called "low-cost" housing financed by international and national institutions. Consequently, the productivity of public and commercial-private sector housing for low-income families--that is, for three-quarters of the urban populations--is miserably low. Without equity and credit, without access to professional legal, engineering and design services, and even without the most basic public services and utilities, the popular sector's potential productivity is seriously curtailed.

In spite of all the obstacles, even though land itself often has to be stolen and sometimes defended against armed attack, the popular sector has made an immense investment. In many of the barriadas of Lima, for instance, the average investment in house construction is over the equivalent of U. S. $1000. Many houses, built of brick and reinforced concrete, are worth many times this amount. In Caracas I have even seen a 10-story apartment building in a rancho, and dozens of well-built two and three-story houses and apartments.

The productivity of the do-it-yourself, be-your-own sponsor and contractor method, even if you prefer to hire all the labor employed, is certainly far greater than that of the established, officially recognized institutions and organizations. In a number of cases in the barriadas of Peru I have found that the typical house-builder not only gets more than twice as much for his cash investment but that his action provides far more employment than the equivalent invested by the other sectors.

Case histories probably make my points most memorable. This is a "composite case" of a typical blue-collar or regular wage-earning worker's household representing typical conditions in Peruvian cities between 1957 and 1965. The regularly employed worker in a big city of an incipiently industrial or transtitional economy is a privileged person--he has succeeded in life, having graduated from his parents' rural background to become an urbanite and a participating member of the nation's more modern sector. Two-thirds of Lima's adult population, a typical capital city of Latin America, were born in the provinces and fully half of these could be in the situation I am describing.

Ten to 15 years after the very young man or adolescent migrates to the city, he will have a growing family and a steady job. All his monthly income of 100 to 150 U. S. dollars (the equivalent in soles, the Peruvian currency) affords will be a room in a slum tenement or court. He and his family of five or six will be desperate for their own home with space to move, fresh air to breathe, privacy, and the security of home ownership. This last is extremely important and generally overlooked by housing-policymakers.

Transitional societies have few institutional resources, very low per capita incomes and relatively unstable economies. Employment is relatively insecure and, except for the privileged few, there is no effective or adequate social insurance. The individual must depend on either his family or his property as insurance against destitution. In newly-established communities, where the extended family has not had time to take root and grow, security through homeownership is likely to be more than usually important. The typical worker of Lima in his own home--even if little more than a shack on a plot of undeveloped land--is a great deal more secure than in a slum renting for a high proportion of his wage. If he rents his shelter, and he loses his income, if only temporarily, he also loses his home. That calamity, on top of his other hardships, can easily destroy his hope and the family is likely to collapse. But, if he has no rent to pay and no mortgage payments to keep up, the family needs less for survival, on the one hand, and, on the other, it can use the property as a source of income. The unrestricted, de facto owner, can sublet a part of his property or he, and his wife, can use it as a workshop--or as a shop or laundry--and so survive until regular employment is again obtainable.

This detailed description of the role of the urban dwelling is essential to explain my following remarks. By adopting techniques which allow him to build little-by-little, the householder can maximize his opportunities for social and economic advancement and, when necessary, minimize his cash expenditure. Extremely important to national economic development is that he will invest a great deal in building construction, far more than he would if buying a mortgaged ready-made house. My surveys indicate that the average builder in a barriada squatter settlement ends up with a house worth between three and five times his annual income--twice as much as the modern norm. Since 40 percent or more of gross national capital investment in the typical transitional economy is housing, and since the building industry employs 15 to 20 percent of labor, the extraordinarily high productivity obtained by progressive development obviously must be encouraged.

To conclude, I will list the four barriers in the way of proper development and utilization of the main resources in manpower and employment in the urban development sector of transitional economies:

1. Artificial Land Costs. Without urban land reform to place available and suitable building land at the disposal of the population it is impossible to plan city development, on the one hand and, on the other, to bring the mass of the popular sector into the modern market and make use of its services.

2. Inappropriate Building Regulations. As long as the home-builder must build everything at once, as long as he must buy a fully-developed

plot even before he starts to build, and as long as he must pay the high fees of lawyers, estate agents, and architects or engineers, then only the wealthy can afford to build legally.

3. Lack of Credit Facilities. Anyone, even a barriada dweller, can get credit for the purchase of a TV set or even an automobile. No one, however, can get credit for a few hundred dollars' worth of materials and for a few hours of expert labor to put a roof on his house. Few low-income families want to commit themselves to a long-term mortgage--the risk is far too great; but the majority need short-term loans at critical periods to help them increase the utility of what they have half-finished and to stimulate them to even greater efforts and sacrifice.

4. "Low-Cost" Housing Projects. I have already blasted this particular enemy of the people and I will only mention one more twist of its unpleasant character: massive and usually rushed housing projects create sudden waves of demand for labor and, just as suddenly, troughs of unemployment. These sudden demands also hike material costs but the troughs rarely bring them down again. There is a very strong argument to support the statement in an article I wrote with Rolf Goetze: "the more houses governments build for low-income families, the fewer houses they will have. But if governments provide the tools for housebuilding--land, facilities and services, credits and technical assistance--the elements on which household and community security depend, then the maximum possible number of dwellings will be built and in ways that the public authorities can control."

And all this, of course, would maximize the demand for labor in the one national industry which, even in the most backward economy, is based on local materials and local skills.

I will end with a significant quotation from a report by Albert Wilson of the Foundation for Cooperative Housing on the "Villas Miserias" of Buenos Aires:

> "It must be repeated 'again and again' that it is not the discomfort of the physical situation that the people ... feel most bitterly. It is the humiliation of being denied the opportunity of doing for themselves what they are quite able to do."

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Myron Vent, Chief, Education and Human Resources Division,
Office of Program and Policy Coordination, AID

I have never been in business. I have been in education all this time, but the more I see of what is going on in developing countries the more I am convinced that one of the most important ways in which assistance can be provided in developing countries is through skill training provided by American business in their establishments overseas.

For a review of the AID educational program you can get a copy of A Survey of AID Educational Cooperation with Developing Countries. If you have a legitimate interest in it, AID will be happy to send you a copy. It does not include out-of-school training programs, the 214 programs in which AID provided assistance to schools of higher education, nor research projects in the field of education sponsored by AID.

Other reports you may be interested in are AID Financed University Contracts, a quarterly which lists the universities that have contracts with AID for technical assistance projects, and the International Conference on the World Crisis in Education.

UNESCO reported that in 1966, approximately $100 billion was spent for education throughout the entire world, of which over 50 percent is spent in the United States and something under ten percent in all of the less-developed countries. Incidentally, the data for the United States do not include, to my knowledge, the amount of money spent by private industry for training programs of their own.

I am a little disappointed when we make reports to international organizations for overseas consumption that a great deal is said about what the U. S. Government is doing, but very little if anything is said about what United States private industry and business communities are doing to provide education in the developing countries.

Twenty-eight percent of the children of primary school age in the developing countries are in school. Twenty percent of those of secondary school age level are in school, and at the university level, one percent.

In our annual presentation to the Congress we seldom omit the fact that 73 American school institutions of higher learning are at work overseas; 38 European and one other.

But, this is only a part of the story. Throughout the country, community organizations and divisions working with industry, public school systems and other training systems are participating in bringing students to the States from overseas. There is a happy wedding of AID and the private sector, but it must be admitted that the wedding is not complete.

Too much emphasis in the past has been on improving higher education or providing the developing country with professional personnel. Primary education in most less-developed countries is extremely expensive. Nevertheless, there is a drive for universal primary education which the least-developed countries themselves cannot avoid for political reasons.

We are hoping that maybe through the effort that we are placing in educational planning on the basis of manpower requirements and surveys that some of the LDC's will veer away from over-emphasis on primary education.

Unfortunately, about 75 percent of those who start the first grade are school dropouts by the end of the fourth year. Those people undoubtedly lapse back into illiteracy. And that group will make up the major source of the labor force in the LDC in the next 25 to 30 years.

There is also undue emphasis on higher education by the U. S. in its foreign assistance programs and I include the Fulbright-Hayes program which is sending professors out and bringing professors back. The Peace Corps is undoubtedly an exception to this. Fifty percent of the approximate 15,000 Peace Corps Volunteers in calendar year '66 were in the educational field; 83 percent of that group within primary and secondary education and five percent in technical assistance.

And, unfortunately, the emphasis placed on higher education by the United States in its foreign assistance programs is repeated by most of the European donor countries and the Organization for Economic Cooperation and Development (OECD). Thus, is left wide open the area of skills training.

In vocational education, the Germans are sending out instructors and providing the housing and the administration of the vocational centers. But, they are having a second look. For example, in one city only 20 percent of those trained in vocational schools actually went into the occupation for which they were trained.

I should say, of course, that in terms of a crisis of education, there is a lack of schools, teachers, textbooks, and experienced and trained educational administrators and others, as well as outmoded teaching methods and courses of study and functional content.

I very seriously suspect we are evaluating education against quantitative rather than qualitative criteria. In other words, we are providing more of the same without the functional elements which really give education meaning for the people in developing the economy. Rene Maheu says our educational system, inherited from the not very distant time when education was the monopoly of more or less limited groups of citizens in a relatively stable society, is not really suited to the education of the masses in view of the rapidity with which scientific and technology knowledge is advancing and the far-reaching economic and cultural changes that we see taking place in the more traditional-ruled and the most modern societies alike. Is it possible to retain unchanged the educational syllabuses and methods of the past? Will it be enough for us to make a few adjustments or shall we be obliged to move toward more radical solutions, very different from anything to which we have been used?

His answer is, "I do not believe that if there is any compromise we can succeed. I think that a radical revision of the content of the methods and of the system of education is needed." There is still too often a marked discrepancy between the training that the school provides and the requirements of the economy.

I guess what I am coming to is that the major opportunity for providing skill training in the LDC's rests insofar as American initiative is concerned, with American industry and commerce. I might also make reference to what Dr. Caton said earlier about the reduction in funds within AID, which only highlights the need for private sector sources to take on more of the initiative than they have in the past.

Unfortunately, AID does not know what American business men are doing, and I am not sure that individual American concerns know what other American concerns with overseas branches are doing to promote modernization of the LDC's. It seems most unfortunate that the story of American business in the developing countries has no mouthpiece, either in the U. S. or abroad. Tremendous good could come of letting other countries learn about the benefits of enlightened capitalism.

I think some of the arrangements should be made between the U. S. Government and private business which would assist private business in providing skills training.

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DISCUSSANT: Lewis H. Earl, Chief, Foreign Manpower Programs Staff,
Manpower Administration, Department of Labor

I would like to make some comments about things said by each of the four speakers and then relate them to two or three things going on in the Manpower Administration and our own economy.

I found a lot of frustration expressed by the people who were talking to us this morning. Dr. Caton seemed to be frustrated about the problem of having to bring back from overseas a lot of U. S. technicians who are over there helping to train people in some very highly-technical subjects.

Mr. Turner's frustration seemed to be mostly centered on low-cost public housing which is outside of the private sector.

Mr. Vent pointed out that AID and other international programs of assistance to education overseas seemed to be directed in the wrong channels and not developing people for the world at work. What he was saying to us essentially was that private enterprise is doing a much more efficient and much more effective job. On the other hand, we have to restrain some of the private investments overseas for the protection of the U. S. dollar because of the balance-of-payments problem.

Now let me relate this to one or two things in our own country.

Back in 1958 to 1960, President Eisenhower appointed a very high-level group to review the goals for the United States. This group came up with a publication listing of some 16 goals for our own domestic society.

A few years ago the National Planning Association was asked to review those goals and determine what it would cost us to achieve them by the mid-1970's. Their conclusion was that with all the wealth that we have and are likely to accumulate, we are still apt to be short of enough resources to achieve our own goals.

The Manpower Administration of the Department of Labor asked the National Planning Association to go a step further than this and tell us whether we have enough manpower in the United States, and is it properly trained to achieve these national goals by the mid-1970's. Their study shows that to achieve all of these goals by 1975, requires a labor force in the United States of some 100 million, but the growth of our own population projected to that time indicates that we would only have about 90 million. In other words, to achieve our goals, we are going to be about ten million people short by mid-1970--1975.

Let us imagine translating this same kind of an analysis to the less-developed countries. And then ask what are the long-range objectives ten years from now? What are their manpower resources now and what will they need to achieve those objectives?

I would ask the members of the panel here, do the less-developed countries have enough manpower to achieve their aspirations? If we are going to lack ten million, can we solve some of their employment problems? And how should the emigration policy be related to this?

I like very much the way Carl Goderez outlined the problem in Latin America, of the need to create two and a half million jobs a year to take care of the oncoming increase in the labor force. He also pointed out that in order to create these jobs we are going to need private enterprise to create at least one million of those per year.

But he did not go ahead and tell us whether or not the investment that we are making and are likely to make under any restricted plan is apt to create that number of jobs. What is the gap that is likely to be left there?

And I think we could apply these questions to any other part of the less-developed world.

Now let me relate one other thing about private enterprise and manpower here in our own country. For a number of years we have been working to achieve so-called full employment, to reduce the percentage of people who are willing and able and capable to work but unemployed. Roughly three million people are unemployed in the United States today.

On the 23rd of January, the President, in a major message to Congress, laid out his manpower program and asked for the cooperation of the U. S. business community to create more jobs for the hardcore unemployed in the United States. Today in 50 cities the JOBS program is being launched. It is a program which is run by private business with the objectives of creating by June of 1969 one hundred thousand new jobs in those 50 cities and, I think, by 1971, five hundred thousand jobs. That would relieve a certain amount of this unemployment. Can a similar type of jobs program be adapted to meet the needs of the less-developed countries? Can anything like this job program be translated to the less-developed countries?

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DISCUSSION:

The discussion between panel members and the audience elicited the following points:

1. Not every U. S. producer of goods can afford to establish a training program for workers in developing countries. On the other hand, other countries such as France are competing with us in offering to bring trainees to Europe for training. At the same time, a company like Sears Roebuck, which has stores in eight Latin American countries, buys almost everything it sells from local producers, makes loans to small craft manufacturers, introduces modern methods of merchandising, trains and develops managerial talent, assists in literacy training of the population at large, and provides scholarships. Further, the Council for International Progress brings students from lesser-developed countries to work in U. S. industry for periods up to one year.

2. With respect to the effect of urbanization on economic growth, there is controversy as to whether, in the early stages, large cities or several medium-sized ones are preferable. There seems to be a consensus that in later stages having more than one large urban center provides for more effective absorption of the unemployed and more balanced growth.

3. Whether private investment in Latin America is sufficient to create one million new industrial jobs per year, the number needed to meet the private sector part of the two and one-half million annual expected increase in the labor force can be calculated in this way: In Latin America an average investment of $6,000 per job is required. This means that the private capital investment in Latin America should be at the rate of six billion dollars annually if jobs are to be provided for one million workers annually. The best estimates are that private investment is short of that figure by one to two billion dollars. The conclusion then is that the less-developed countries of Latin America will continue to suffer from increasing unemployment unless (1) private investment flow is drastically increased and (2) more public funds are made available in the form of private sector loans.

U. S. POLICIES AND PROGRAMS

Harry Gracey, Office of Private Resources, AID

Yesterday, Mr. Carter described AID's new basic approach to private resource programs. AID's Office of Private Resources is now looking at all sectors (Agriculture, Health, Education, Manpower, Infrastructure, Loans, etc.) horizontally rather than vertically, to decide how each of these sectors can make more use of U. S. private resources and other free world multilateral resources. AID's objective is to have such resources take over as much as 80 percent of its activities in these various sectors.

The objective of the Office of Private Resources is to put our resources together, to stop working vertically and to start working horizontally. We should not only set policy and try to implement it, but also be a catalyst to assist our own bureaus and the organizations that are working with us in other government agencies to utilize more U. S. resources in private equity capital, voluntary agencies and cooperatives across the board in agriculture, health, manpower, etc.

I am sorry to hear that our agricultural research programs are being drastically cut, as indicated by Mr. Caton this morning. A staff member of the Beltsville Research Center recently indicated that the Center could no longer continue its research program to develop protection against coffee blight because of a lack of funds. I asked him, "Don't you think the coffee packers in the United States would be interested in protecting coffee from this blight?" He said he thought they would be interested in such a research program and that he would try to get their financial support.

I would like to call your attention again to Policy Determination No. 37, which has been widely circulated throughout the entire AID. In this policy determination, Mr. William Gaud, AID Administrator, stated that our personnel and funds are not equal to the needs of the developing countries. Therefore, we must work harder than ever to gain other resources--private and community resources.

A recent study of the development programs of Kenya, Malawi, and Tanzania shows that our bilateral AID programs in those countries are completely based upon the findings of the World Bank's basic feasibility study for that region. In other words, if we took the time we could use a multitude of voluminous basic studies from other multilateral agencies which receive financial support from the United States. We could stop wasting huge loans for infrastructure projects, such as roads and hydroelectric programs and let the Bank do that since it is already doing it and is gradually doing more and more. I have found that private banks in Germany and in the United States are putting money into the 104 Development Banks in 49 or 50 countries. After we put in the original seed capital we should step out of the picture.

There is a rationale for AID's limiting its role to providing good quality expertise and to utilizing American private expertise, whether it be profit or nonprofit--such as voluntary agencies, and cooperatives.

In Policy Determination No. 37 Mr. Gaud makes a further point: AID is just one part of the total foreign assistance effort. We must recognize the importance of other free world and multilateral donors, and of the help available from U. S. non-Federal donors, profit or nonprofit. These include the business community, voluntary agencies, the universities, community groups, foundations, unions, farmers' organizations, cooperatives, and state and local government.

The total foreign assistance effort develops countries through three means: 1) It helps the developing country to coordinate diverse assistance donors; 2) It finances or provides financial incentive for the provision of skills and resources by U. S. entities; 3) It uses personnel to assist developing countries. Thus, AID is a catalyst and, as such, must be able to stimulate others to aiding the developing nations.

I would like to reemphasize strongly that we have to look horizontally across the board and utilize the appropriate private institution or organization for development. The Office of Private Resources has developed a guide to assist the private sector analyst. It provides a picture of current country programs and what AID Missions are doing to enhance the incentive for participation by private resources. The guide deals with such questions as: What has the country done? What kind of plans does the country have? Are they good plans? What legislative action has been taken in taxation, and in other fields, to provide an incentive for capital investment or human resource investment? What has been the government's support for carrying out private sector programs? What private institutions and initiatives already exist in the country? What private investment programs are there in production and marketing? What is the extent of development in the use of natural productive resources? What is the potential increase in the competency of human resources for private sector development? Within the framework of these guidelines now being sent to the Mission Directors, we ask the Missions to evaluate their efforts in the utilization of private resources. For example, in my study of Brazil I found there were 160 voluntary agencies from the United States that were operating in that country, but AID is assisting only five. During 1966 and part of 1967, U. S. private industry invested $225 million in Brazil. I asked, why are we paying for a little research program; why don't we contact the producers who do this, since it is for their benefit?

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Csanad Toth, Office of Program and Policy Coordination, AID

The meaning of Title IX is most simply expressed by AID Administrator, William S. Gaud, who said, "Get the people involved in the act of development." I think we cannot express it any better. Title IX is a license to ask questions relating to development. Since development is not only based upon economic factors but upon political and cultural factors as well, such questions are related to such matters as these: health, private enterprise, etc.

I would like also to refer to a brief section from the report of the House Committee on Foreign Affairs:

> "There is a close relationship between popular participation in the process of development, and the effectiveness of this process...The committee finds that despite these periodic expressions, popular participation in the tasks of development is increasing at a very slow rate. The great potential for planning and implementation of development activities, contained in the mass of the people of developing countries, is still largely untapped, which slows down the achievement of the objectives of the foreign assistance program.
>
> "On the contrary, it becomes increasingly clear that failure to engage all of the available human resources in the task of development not only acts as a brake on economic growth, but also does little to cure the basic causes of social and political instability which pose a constant threat to the gains being achieved on economic fronts."

Getting people in the task of development is what we call popular participation through democratic pluralistic institutions. It can be understood in a number of ways, and I am now interpreting what we came up with in AID. Popular participation means a greater and more equitable participation in the results of development. It also means more productive participation of all people in the task itself. Such participation goes down to the subsistence level--it is there that the population which should be actively involved in productive labors, usually lives a hand-to-mouth existence.

The two principal categories of popular participation of people at all levels of society are the decision-making process in determining development priorities and the allocation of resources for such priorities. They are perhaps easy to understand and to analyze, but difficult to put into a program. For example, compare the first category with the operations of a highly centralized government when it reaches the village level, and informs them, "From now on the government is going to be kind to you; we are going to share the benefit of development and will build a school for you." No one is asked to cooperate and no one asks if they can participate in the building of that school. However, with respect to the second category, the same government will tell the same villagers, "We have decided to build a school for you, but we attach one condition; we will finance the construction if you will provide your labor to construct it." Thus, the government underlines the villagers' importance in development because they are asked to participate in the construction of the school. But, it must be emphasized, such participation in itself is not very significant unless the villagers themselves, through their community council, or other existing form of community government, have first determined they want to build a school, and then later put pressure on the government through available channels to bring them resources to build the school. We have to make sure that our assistance helps to create a state of self-determination in development efforts.

Now, getting people involved in development activities is extremely important for the utilization of private resources. I would like to emphasize that when we talk about private resources in terms of Title IX, we also talk about the utilization of all of the cultural and political resources of a country for development purposes.

One of the objectives under Title IX is to develop private enterprise. In a particular country we found that private enterprise was in the hands of a dominant ethnic group of entrepreneurs. This raised a fundamental question in my Division: How are we to open up private enterprise for the other ethnic groups? As far as Title IX is concerned, this is a very important question. It is not enough to change the nature or pattern of investment in the country. We must also attempt to change people's attitudes as well. In the past we thought that if we changed the environment in a country the people would react accordingly. We have to go one step further, however; that is, we must attempt to get people themselves to change their environment. When this is accomplished, we can proceed to the next step in development.

If economic and political power are concentrated in the hands of a few, how do you achieve a widespread effect in the utilization of private enterprise? What do you do? These and numerous other questions are implied in Title IX. I would like to propose three approaches for dealing with such questions:

1. Improving the host government development policies to improve enforcement policies in reference to taxes, wages, imports, private sector participation in development plans, local development, initiative, tax power and the elimination of preferential treatment of semi-public and public investment;

2. introducing programs designed to facilitate popular participation, such as the development of investment centers, common facility centers, marketing and storage facilities, self-help and cooperative associations, farmers' associations, etc. Also included is the support of universities similar to our land-grant colleges, getting them involved in servicing their own community, in addition to extending the further use of knowledge, training people for private enterprise in new skills; and

3. supporting organizations, such as the cooperatives or the farmers' associations, or business ventures directly--without going through the government bureaucracy. In Costa Rica, for example, AID supports a municipal development corporation, which is simply a group enterprise.

The career of Title IX programs has just begun and you will hear much more about them in the future.

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__Kenneth Kelley__, Deputy Director, Office of Labor Affairs, AID

There have been several AID policy statements and several Congressional enactments on the role of private enterprise. You are aware of Section 601 of the 1961 Foreign Assistance Act and of Title IX, the 1966 Amendment to that Act. I had feared that some people within AID would construe Title IX narrowly--to mean promoting popular participation within a political framework. I was therefore heartened and refreshed by Mr. Toth's remarks earlier this afternoon that Title IX has a much broader concept. If Mr. Toth's views are accepted by the top echelons of the Office of Program and Policy Coordination and the Agency, my fears about a narrow confinement of Title IX may prove groundless.

The American Council of Voluntary Agencies recently issued guidelines to its staff on Title IX. These guidelines very significantly have as their premise that the wealth of a country is based on its power to develop and utilize the innate capacities of its people. Further, the guidelines state that if a country is unable to develop its human resources and constantly improve its ways of using them, it cannot build anything else, be it a modern political system, a sense of national unity, or a prosperous economy. Title IX, therefore, is an important aspect of AID objectives in manpower and human resources planning.

I will quote briefly from AID Manual Order 204.7, which defines the functional responsibilities assigned to the Office of Labor Affairs:

> "The Office of Labor Affairs is responsible for:....Formulating AID objectives and policies for guidance in the development and execution of regional and country programs in the fields of trade union affairs, labor ministry administration, labor manpower planning and development, and skills labor training.
>
> "...The term 'labor and manpower' includes labor force development services such as worker education, union organization and administration; assistance in development and administration of labor standards and industrial relations; labor manpower planning and utilization, such as manpower surveys, skill training, employment security, Social Security, and labor market statistics; assistance in developing an active employment and manpower policy and program for full, productive, freely chosen employment; and assistance to labor ministries and other public and private institutions responsible for these services..."

Manual Order 1612.40.1 (Labor Programs) which provides an overall setting for the more specific manual orders in the labor series, contains the following statement of particular relevance to this conference:

> "...Both private and public institutions have a role in developing and implementing an active manpower and employ-

> ment policy. Basically, the final dimensions of any development program are determined by the interplay of manpower and employment considerations with monetary, fiscal, industrial, agricultural, educational, and social policies of a nation."

Other manual orders in the labor series are the following: "Strengthening Trade Unions (1612.40.2);" "Strengthening Labor Ministries (1612.40.3);" and "Manpower and Employment Development (1612.40.4)." Because of time limitations I will not go into details on these; the manual order on Manpower and Employment Development was fully covered by Mr. Merson yesterday morning. I believe that those in Government have access to these manual orders; and for those who are not in the Government the Office of Labor Affairs will be happy to supply you copies upon request.

I would like to emphasize, however, that the introductory statement in the manual order on Manpower and Employment Development refers to manpower planning as concerned with the comprehensive means by which country goals of economic growth, rising living levels, and social justice, including equitable distribution of national income, are attained in human terms through (1) the promotion of high levels of productive employment and (2) the provision and utilization of adequate numbers of trained manpower required in the development process.

In his presentation before the House Foreign Affairs Committee on the role of private enterprise in economic development, AID Administrator Gaud referred to labor unions as one of the nongovernmental organizations utilized by AID. He said, "We use our technical assistance funds to call on the experience and talents of private U. S. organizations to build up private organizations in the developing countries because American nongovernment institutions can best do the job." In this same presentation he also stated: "AID has helped put private U. S. labor specialists to work on union-to-union programs in Latin America, Africa and East Asia--in union management, collective bargaining techniques, social projects, leadership training and community development. In FY 1962 AID used $462,000 to support these experts, in FY 1967 over $5 million." One of these organizations to which he referred--the American Institute of Free Labor Development (AIFLD)--has been operating in Latin America since 1962, and you will hear more about this organization from a representative of AIFLD later in this symposium.

In 1965 a similar organization, the African-American Labor Center (AALC), was established by the AFL-CIO. It has also conducted technical assistance programs, skill training programs, and other labor activities, working with both employers and governments in selected African countries.

In January 1968, AID and the AFL-CIO entered into a contract to establish a third organization for East Asia, the Asian-American Free Labor Institute (AAFLI). Initially AAFLI will limit its activities to Vietnam but eventually will expand to work with democratic trade unions in other Asian countries.

The establishment of these three organizations demonstrates that nongovernmental institutions, such as American trade unions, can often be more effective in dealing with the social and economic problems of counterpart institutions in developing countries than the U.S. Government and the governments of those same countries working together under bilateral agreements.

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Thomas E. Posey, Special Assistant to the Director,
Office of International Training, AID

The function of the Office of International Training, as stated in an AID manual order, is as follows: "The Office of International Training provides support and services to the regional bureaus and overseas missions by developing participant training policies and standards. The office also develops and conducts training programs for participants and arranges for implementation of approved participant training projects."

Within the context of that function, it would be impossible for the Office of International Training to do an effective job without utilizing private resources, and a fine thing about the utilization of such resources is that most of it is free. Thus, when I talk to the enlightened progressive businessman in the private sector, I say to him that his contribution and the contributions of other businessmen to our foreign policy objectives, if measured in terms of dollars and cents, would be millions of dollars. Yet the only recompense we can offer is some form of acknowledgement, such as a plaque, or some other type of public recognition.

Under our participant training program an average of 5,500 persons are brought to the United States from the LDC's each year. They receive training here because they are unable to obtain the special type of training needed or because the quality of such training is inadequate in their home countries.

Almost 50 percent of AID's participants who come to the United States now go to universities for a full academic program leading to a degree, whereas previously, emphasis had been given to short-term programs for groups of participants, or "teams."

During the past two or three years, we have emphasized another aspect of training that is related to Title IX. From our experience we learned that participants brought to the U.S. for training as engineers, or as scientists, would return to their respective countries upon completion of training to become not only leaders in the educational or technical fields but also to become political leaders. We thus believed it would be a good idea to emphasize the nontechnical aspects of training, or to give it a more bureaucratic terminology, "attitudinal" activity. I don't believe that there is any country in which the basic concept of freedom and the importance of the human individual is more exemplified than in the United States. We have tried, indirectly, to give AID participants an understanding of the type of American ideals and the culture that we feel is important for them to understand.

The voluntary organizations and the businessmen appreciate the opportunity to be exposed to some of the bright young participants we bring to the United States. I spent one Christmas in Winter Park, Florida, to observe an AID Christmas program that brought participants into the communities, that let them live with families in homes in the community, and exposed them to some of the community thinking and activities.

The people of that community asked me, "Where did you get such fine, bright young people?" I told them AID only dealt with the best. The program became an effective propaganda mechanism. Participants appeared on television and radio programs. They talked with people in the community. Thus, Americans acquired a better understanding of the cultures of people from other countries, and also a better understanding of our responsibility in the field of international leadership. Thus, the Office of International Training believes that the best investment that AID can make is in the development of human resources.

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DISCUSSION:

The discussion between the panel and the audience elicited the following points:

1. AID is now in a better position than it was earlier in providing information to U.S. private resources about the training activities in developing countries of American and indigenous firms. The Office of Private Resources was set up a year ago. It is the focal point for contact with all U.S. private resources interested in developmental work overseas. In addition, the Office of International Training has undertaken a program of following-up on the activities of its trainees. Both these offices, therefore, are developing much information about the overseas training

activities of U.S. private resources. Yet, it is true that because much of this type of training is carried on as part of regular business activity without any necessary contact with the host government of AID, it is very difficult for AID to construct an accurate, up-to-date picture of all training activities in developing countries.

2. One of the incidental results of bringing trainees to the United States is their purchases of U.S. equipment and machines after seeing and handling them over here.

3. A suggestion was made by a member of the audience that AID receive reports from employers visiting developing countries on the conditions they encountered and the competence and courtesy of AID mission staff. It was pointed out, however, that because of the large numbers of employer visits now being made, the number of reports would be so voluminous as to preclude careful review by the already overworked AID staff.

CASE HISTORIES--COOPERATIVES

Robert R. Trumble, Assistant Director,
International Department of the Cooperative League of the USA

When asked to speak on the Cooperative League's activities I first thought of our efforts in India, where some of our most successful programs have been located, and it appeared quite natural to want to emphasize the best projects. After further consideration, however, I thought I would depict a more modest project in which we are now engaged. I finally decided to use examples of both our Indian and our modest Latin American marketing training projects. Hopefully, they will indicate some basic themes and issues of manpower development. The conclusion will summarize the salient points and add a few others that were not portrayed in the examples.

We have had an office in India since 1954, and during this period there were only two League representatives. Our first representative, Tom Keehn, returned to be the Director of the International Department of the Cooperative League of the USA. However, he resigned recently, and the second representative, Dr. Allie Felder, will return soon to replace Keehn as Director. Their assignment as Director of the International Department is but one indication of the high esteem we have for the program in India.

After the first few years it was apparent that an overall review of the total cooperative sector had to be made if national development plans were to be pursued. A review team composed of top level persons in U. S. cooperatives was recruited to assist the Government of India and the Indian co-ops in the planning and listing of priorities. High among these priorities was training in India and elsewhere, especially at the International Cooperative Training Center (I.C.T.C.) in Madison, Wisconsin.

The advantages of training in the host country are the elimination of language and culture barriers, and training can be made more highly relevant, thus providing for a high degree of transference from training to work. An additional advantage is the lower cost for relatively unsophisticated training. We often used a rule of thumb that one could send five persons to the United States for training at the same cost of sending one U. S. professional to the host country. It is apparent, of course, that more sophisticated educational efforts will require substantial investment in plant, equipment, materials, and maintenance. Quite often, however, our training does not require intensive capital support, and the training programs tend to be rather specific (simplified co-op accounting, basic marketing principles, etc.) and of short duration, and because they are of short duration, such training programs, particularly when undertaken in the U. S., have a high percentage of costs allocated to travel. Therefore, the economic trade-off between trainees and professionals is often much higher than five to one.

The most important argument for host country training is that it leads to the development of institutions and the necessary skills for on-going training programs in a lesser developed nation. The need for institution building has been stressed so often that is is almost axiomatic. To use an analogy, there is quite a bit of logic in first building the machines that make machines.

The advantages of out-of-country training are also quite substantial. In the many lesser developed countries when a project is to be initiated rapidly, it becomes necessary to send trainees to already existing institutions. The host country may not have adequate or appropriate types of cooperatives that it wishes to develop and, therefore, the trainees must go to other countries where they do exist in order to become acquainted with the actual operations of the cooperative. The I.C.T.C. has arrangements with a wide variety of cooperatives throughout the U. S. that are willing to provide appropriate field trips and training. Further, the insights obtained from travel and other cultures tend to open new horizons for many trainees.

As indicated, training in the host country and abroad have their respective advantages. Thus, in India we have employed both approaches, depending upon the objectives of the particular trainee or project. One example of the type of activities in which we were involved would be Carl Hutchinson's contributions to the study circle method for education. Hutchinson felt that the study circle provided a means of reaching relatively large numbers of people. Initially 20 people were trained who, in turn, trained others. By 1965, eleven hundred study circle trainers had been trained. In addition, we assisted various Indian cooperative groups in their efforts to establish training facilities and educational departments. During our stay in India a significant number of Indian cooperators have either visited or studied cooperatives in the U. S.

Our Latin American marketing training project, which brought 15 participants to the U. S., is probably more typical of numerous modest attempts in the area of manpower development. In this project we work closely with the Pan American Union, the Organization of Cooperatives in the Americas (Organizacion de las Cooperativas de Americas), the I.C.T.C., and AID. Each organization provides some assistance to this project. In this case, increased coordination is something we are doing rather than discussing.

There was some concern that this training project might be considered a junket by some prospective applicants. Consequently, the announcement made it quite clear that applicants would have to have positions highly relevant to the fellowships, and would be required to submit a detailed description of the relationship between the fellowships and their work;

the announcement also stated the project would be a highly-structured study program, that is, there would be little free time for nonessential activity. We also sent the announcement to our field representatives who would be acquainted with mid-level personnel, and limited the nomination of applicants to countries that have not had many fellowships in the past. It should be noted that we may not have been too successful because we did not obtain the number of applicants we had expected, and hopefully, we expect the number to increase in the near future.

In conclusion, instead of summarizing the previous points I would like to emphasize several other aspects of our manpower development efforts. Cooperatives, by their very nature, require extensive membership education. When every member has one vote, and only one vote, it is essential to educate the majority of the members and to keep them informed. If this is not done, management may find itself unemployed even though it has kept the largest shareholders informed and in agreement with its objectives.

Finally, we fully realize that we must create new jobs or increase the effectiveness of those underemployed. The cooperative ethic has tended to focus on people, and through cooperative principles has assisted people in their efforts to obtain necessary services and resources. Thus, a group of small farmers who lack transportation for the distribution of their products does not have to sell out and move to the already crowded urban centers, for they can cooperate in a mutual effort to purchase a truck or other means of transportation. The types of projects the Cooperative League supports tend to relate to labor-intensive activity, for example the utilization of fertilizers to increase productivity per acre rather than mechanization. Mechanization presently does not abet the reduction of unemployment in lesser developed countries.

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Jack Dublin, Credit Union National Association

The credit union programs for overseas development are supported by both the private and the government sectors of North America. From 1954 to the present, CUNA International, Inc. (formerly the Credit Union National Association) has spent over $1.5 million of credit union funds to help other people overseas. AID has spent almost twice that amount.

I have been asked to tell you about our first sizeable program in Africa, the Tanganyika Project, initiated and funded entirely for two years, 1963-1964, by the Michigan and Saskatchewan Credit Union Leagues. From 1965 to date AID has helped to fund the program. (Tanganyika is now part of the United Republic of Tanzania.)

CUNA administered the Tanganyika Project and I was its only technician. Our program goals were simply these: to help the people (principally of Tanganyika, and also of Kenya and Uganda) to understand credit unions, and to help them form a credit union movement if they wanted to do so. Our program relied principally on the training of local leaders. Underlying these goals, therefore, was a fundamental question--how to train a considerable number of people with very limited funds. Looking back to my Tanganyika experience and later with the CUNA/AID program, I think our work provides a good example of how AID programs contrast with privately funded programs and especially how the training the latter provides compares with AID participant training.

Instead of going to Dar es Salaam, Tanganyika's capital city and the center of all activity, my wife and I took our four children to the hinterland. We spent our first year in Mwanza, a port on Lake Victoria, about 800 miles away from the capital's activity and social life; there we tried to live as close to the people as possible. It was not all that easy--even if we had wanted to "go native." Much to our surprise, we had a modern flat in Mwanza, much newer than our own home in the United States. However, by living in Mwanza and the next year in Moshi--also up-country--our family avoided many of the requirements imposed on Americans who live in capital cities, and we did live somewhat closer to the African people.

In 1963, using a few pre-trained staff members and the facilities of the Social Training Centre near Mwanza, I offered training to local African leaders interested in credit unions. Students came in groups of 20 from many parts of Tanganyika, Kenya and Uganda, sent mostly by missionaries. The first decision to be made was how long to keep the people brought in for training. With the advice of the S.T.C. director, I decided to limit the training courses to two weeks, and that proved a good decision. In two weeks we could tell them what a credit union does, what it requires to function, what it could and could not do for them, and even a little bit about bookkeeping. The students paid their own transportation; we covered board and room, and materials. There was no charge for tuition.

In two years we trained about 120 leaders at a total out-of-pocket cost of about $2,000. This low-cost factor is one reason you find me supporting those who plead for more training of indigenous students in their own countries, even if it means fewer people sent to the United States. With certain exceptions, I believe it is more important to give basic training to larger numbers of people--in this case, the 120 persons at $2,000--than to bring a few individuals over here to the U.S.A. at an average cost of $6,000 each.

In 1964, the second year, and since then, I had the help of an able government counterpart. Together, we enlisted the help of other institutions in East Africa--community centers, the cooperative, labor and public administration colleges, and the Cooperative Education Centre at Moshi. Along with the Social Training Centre, the Cooperative Education Centre (C.E.C.) became an especially strong ally in our credit union program. The C.E.C. is staffed with a team of Tanzanians and Swedes who are working very hard to reach the local leaders in the communities--the very same people we have been trying to reach. Thus we are "on the same wavelength." We published a few training materials in English which they translated into Swahili. These materials were used all over the country. Recently the C.E.C. started a radio program of home study courses, and the credit union course was among the first to be taught.

At the end of December 1967, 169 credit unions were operating in Tanzania. They had over 22,000 members, most of whom were farmers. Collectively, they saved about $370,000. As a result of this savings more than $550,000 was available to the collective membership for loans to improve their farms. Most loans have been repaid on time. These loans involve very little collateral or paper-work. We taught the importance of "character" as security, and "character" has worked for them to this day.

Each credit union has about 10 or 12 officials, most of whom are unpaid. They have done a good job. Several credit unions have full-time managers, paid not by any foreign source, but from the credit union earnings. In July 1964, the Tanganyika credit unions organized a league. With a small staff this league has helped solidify and strengthen the credit unions through a broadly-conceived program of field service, training, and technical assistance.

In August 1964, AID contracted with CUNA for a program to continue through 1970. AID has put in so far about $120,000 for two credit union technicians and participant training to assist the government and the league. Through this program, selected government participants have come to the United States for very good training. Today the Government has a small, very well trained credit union section which I might add is in many ways as good, if not better, than many U.S. credit union sections at the state level. Canadian External Aid has given similar training to the league manager, and financial assistance for the league is continuing from the U.S.A. and Canadian credit union movement.

I will conclude by saying that AID has helped tremendously. We could not have done much of what we did without AID. But we could have done more with an AID grant than with a contract. For the development of grassroots institutions, such as credit unions, in which we work more with people than with commodities, it is better to have more flexibility with limited money, better to have freedom to adjust to the situation--even to make mistakes--than to have rules and regulations that stop you from doing your job. As long as I remain free to express my opinion I intend to make a strong case for grants to developers of institutions of this type. I believe that they will give more satisfaction to AID, more progress toward its objectives and more value for every dollar spent if they have the freedom to use their ingenuity and resourcefulness.

Cooperative development people must have freedom if they are to get optimum benefits from every indigenous resource. Their effectiveness often depends upon prompt and decisive action. They must go where they are needed, when they are needed. They should be encouraged to utilize all the resources of the entire cooperative movement, by the imaginative and versatile employment of their own time in the meetings, travel, and contacts essential to success in their work.

My convictions come from my personal experiences. I believe they offer AID an opportunity to achieve much better working relationships with the cooperative movement of the United States and, through this alliance, hopes of identifying the government of the United States with the respected achievements of cooperatives in many developing countries.

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John Eklund, Executive Vice President,
Farmers Union International Assistance Corporation

AID and its predecessors have put major emphasis upon training at the university level, and upon programs for VIP visitors. Too little attention has been given to the extensive training need for middle-level manpower, particularly rural farm manpower or womanpower. The world really rests on the backs of the women, who do about 85 percent of all the work done in the field. The underemployed are usually the men.

I will discuss briefly the National Farmers Union program, initiated in 1961. We proposed to bring 5,000 persons in the middle-level manpower category to the United States for training in American problem-solving processes, in how we organize institutions, and how these institutions function. For various reasons, the program was eventually limited to Latin American participants.

At that time we asked ourselves some fundamental questions: What kind of training can overcome the language barrier, lack of formal education, and cultural differences? Can training at the middle level accomplish our objectives? Will such training produce positive dividends when these people return to their countries? What should our objectives be--what skills, attitudes, motivations are we striving to attain? What results, directly and indirectly, can we expect to achieve?

Since 1963, we have been able to work closely with 299 rural farm leaders from five Latin American countries. We conceived such training as on-the-job training coupled with some formal education in community development and organizational action. There were, of course, other residual skills to be acquired, such as methods to increase and to market farm production, how to obtain the required farm inputs and how to establish cooperatives. During the training process we found that leadership in developing areas rests upon the leader's ability to know more about farming, crops, farm machinery and its operation. Thus, the substance of skill training becomes part of the individual's leadership capabilities and gives him confidence when he returns to his country to deal not only with problems typical of his organization, but with basic problems of his people.

We selected training participants on the basis of potential identified leadership positions. Among these were regional campesino leaders who had organized cooperatives. They had shown leadership qualities in community development, and, in addition, possessed other skills. By starting out with such people we acquired a tremendous advantage.

We now feel the program had broader and more meaningful results than we could have possibly expected. Of the 299 persons trained in our program, 255, or a little over 85 percent, returned to their home communities. Some moved up from leadership of local campesino groups to the presidency of regional organizations. In Peru two participants are now state campesino leaders. We do not deal in the numbers game, but during the five year training program we have tried to assess the residual impact of our training process in terms of leadership and its effect upon other country leaders We estimate that this impact affects 150,000 to 500,000 persons in Chile, Peru, Bolivia, Venezuela, and Colombia.

When I referred earlier to combined on-the-job training, community development, and organizational action, I meant that after our participants lived in a typical farm community in the United States for two months they became part of the community and part of the local process of change and action. Some academic training on problem-solving in cooperatives and their organizational requirements is provided at the International Cooperative Training Center in Madison, Wisconsin. A two-week individualized program at a land grant institution was set up to fill specific information gaps, based upon their own requests and the conditions prevailing in their farm communities. For example, if the participant's community has a problem concerning sheep breeding and care, then the training is aimed at this particular problem.

Three results stem from this type of training:

1. The participants obtain a more sophisticated idea of the process of change. Before their arrival, they thought land reform was achieved by the process of campesinos marching on the village with banners; they learned they will have to tap the legal and practical procedures of Government and other favorable institutional resources to push for that reform;

2. they obtain a better understanding of the process of action. They learn that effective action is not uncontrolled and spontaneous, and that it is most effective when disciplined; and

3. they acquire an ability to involve themselves in the problems confronting them, and an understanding that people need to work together harmoniously toward common objectives. Cooperatives and national farm organizations can play an effective role in achieving such objectives.

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DISCUSSION:

The discussion between the panel and the audience elicited the following points:

1. Constantino Fuentes of Peru is a fine example of one of the trainees involved in the National Farmers' Union program. He was a voluntary rural 4-H Club and community leader in Paramonga. Since his training ended, he has been instrumental in upgrading education for the children of small farmers and workers on large haciendas. Through his work with the extension service people and the farmers, the local farm cooperative was able to get a loan for the purchase of fertilizer, seeds, small machinery, etc. He has assisted in increasing farm production and improving the marketing system.

2. To make loans available for the small farmer and community self-help development, it is often necessary to find financial sources other than the regular banks. If developmental banks are not in existence in

the country, it may be necessary to establish one. Credit unions often fill the gap. AID is providing a $1 million extended rising guarantee for lending by American credit unions to overseas credit unions.

3. There are no specific data on the employment engendered by cooperatives in Latin America and Africa. (In Israel, about 23 percent of the labor force is employed by cooperatives). But such employment is or will be substantial. For example, in Africa, the major portion of agricultural business is being handled by cooperatives.

4. The credit unions in developing countries are much more far-reaching in their activities than many of those in the United States. They help to finance not only projects of individuals but engage in larger-scale community project financing. The credit union movement, and cooperatives in general, are highly advanced in Latin America, in both city and rural areas. One credit union in Lima has about $12 million in assets. There are about 2,500 credit unions in Latin America, with $43 million in assets and $150 million in loans.

5. Often, localities do not need substantial sums for such projects as local schools because they will do the construction themselves. The will is there--all the localities need is some of the "seed" money for things they cannot do or create themselves. In both Bolivia and Peru, AID has such a project underway. One estimate of one such project is that an investment of $400 led to 20 man-years labor.

FRIDAY, APRIL 5, 1968

RELATIONSHIP OF U.S. PRIVATE RESOURCES, U.S. GOVERNMENT AND GOVERNMENTS OF DEVELOPING COUNTRIES--MAJOR MANPOWER PROBLEMS AND POSSIBLE SOLUTIONS

Sol H. Chafkin, The American Technical Assistance Corporation

In the developing countries we may anticipate a special type of manpower problem which is particularly distressing and troublesome, that is, the problem of manpower replacement stemming from such developments as the "de-sinification" of business in Indonesia and Malaysia, the "de-asianization" of trade and other economic activities in East Africa, and the "de-Ibozation" in Nigeria.

Indonesia, a country with which I have some first-hand experience, serves as a good illustration of this problem. The Chinese business community functioned as a "lubricant" in the Indonesian economy. It played an active and important role in the financing, storage, sale and distribution of goods. To the extent that Indonesian Government policies and practices limit this function of the Chinese business community, the Government will have to face the problem of developing skilled manpower to fill the gaps.

Our development emphasis is shifting very markedly to problems that deal with these type of activities. In the specific countries I have already mentioned, these type of activities have been carried out by people who are now identified as controlling a critical portion of the economies of the countries. In manpower terms, locally there is a replacement need for this kind of talent, even where a specific Chinese, Indian or Pakistani problem does not exist.

The absolute and critical shortage of business skills has become increasingly evident. These skills refer to such activities as repair services, a variety of contracting and sub-contracting services, warehousing, inventory financing, the whole host of appurtenances that move and sell goods. Such skills are not often referred to in discussions of manpower--at least in those which I have participated--because they are of a more subtle nature and are somewhat more difficult to identify and to develop in a formal training program.

In the United States people whose opinions I respect tell me that most of the innovations in agriculture resulted from the efforts of persons in other than the agricultural extension services, and that much of the progress in introducing new products and methods may be particularly attributed to salesmen. The salesman is coming into his own. In the Philippines a chemical company hired eight hundred Filipinos and trained them to be salesmen of the company's fertilizer products.

In a study on the problem of marketing fertilizer in southern India, it was particularly interesting to discover that there was a need to undo some of the institution-building that had occurred in the earlier years of India's economic development. Marketing fertilizer in India is increasingly becoming a problem of how to crack the cakes of recently established customs that have acted to slow the effective demand for fertilizer, how to get around moribund co-ops and government fertilizer corporations. The development problem in this case was how to create a new kind of marketing manpower.

Another manpower requirement is emerging clearly as a result of the type of activity that Litton has been engaged in in Greece. A major element in the Litton approach to Greek development is tourism. Generally, it has not been in the mainstream of manpower development programs to worry about the quality of manpower in the tourist business. However, it is possible that the ability of the staff in the hotel industry to speak English, to make quick and needed repairs to the plumbing and electrical system, may be just as critical to the economy of Greece as, for example, the training of agricultural extension agents. It is not my intention to single out or to criticize the agricultural extension agent. However, he is a good symbol of the traditional approach to identifying manpower needs and training requirements.

Notably during the past few years, AID has begun to recognize the complexities of how to energize an economy, and, in my judgment, has properly shifted emphasis from the technician to the manager. It has done this through what appears to be an aggressive campaign to get companies from the private sector to deal with a number of problems which, perhaps in earlier years, would have been contracted to teams from a university, an agricultural college, or to an ad hoc pick-up group representing a number of skills and disciplines. I an referring here to AID's recent efforts to encourage the production of nutritious foods in Latin America. This pattern is also illustrated by AID's encouraging a modest consortium of banks to develop investments in West Africa, and I believe AID is also financing one in East Africa.

This shift toward the use of private organizations--as distinct from individuals in the private sector--to take on a series of problems is a recognition of 1) the need to get private organizations inextricably involved in many ways with problems of development and the need to accelerate investment, and 2) the need to solve manpower problems with a particular configuration of people operating with a particular set of assumptions, rather than solving such problems with a specialist.

The two points that I have touched on--how do we train and recruit salesmen and how do we bring private companies increasingly into the process of achieving development goals--are pertinent to another point that I would like to emphasize, that is, the relationship between U.S. private companies, the U.S. Government, local governments, and the efforts of the United States Government to solve our balance of payments problems. I am told we are likely to face a chronic stringency in our international payments position, and many kinds of measures have already been undertaken to cope with this, such as the encouragement of travel to the United States, the restrictions on investment, and the exhortation to the American business community to increase exports. We have a problem of finding an area of coincidence of interest between our trade objectives and another country's development objectives.

A possible area of coincidence of interest is in the opportunity to accelerate our assistance to developing countries in the modernization of their distribution systems, that is, how they move, store, finance and sell goods and how they provide services. I believe it is generally accepted that the developing countries have solved the problem dealing with the process of acquiring production technology. The latter is more readily acquirable and identifiable than the skills and techniques for marketing and distribution. The development process undoubtedly will benefit as much from the distribution revolution, including financing, as it has from the technology revolution.

In this area of coincidence of interest there may be an opportunity for the United States Government to undertake the types of activities that not only help in accelerating the distribution revolution in a developing country but also tend to improve the competitive position of U. S. exporters. These activities include a variety of financing techniques, such as the use of local currencies for warehousing and shipping, for specialized transportation improvement projects, and for training repair technicians to service U. S. equipment. U. S. companies will face two problems: 1) to persuade developing countries that they can assist in the installation of new types of distribution systems and can train local citizens to be managers, and executives--the "getters" of things to move; 2) to demonstrate that they have the manpower to provide this type of know-how (American companies are very fond of pointing out that what they really sell are management techniques and management systems and that while the hardware may be cheaper from other countries, hardware alone does not yield the greatest return to the foreign government or foreign company). Many American companies may have their best systems of manpower completely tied up in domestic business rather than available for overseas work.

One of the problems that I believe we will face is the limitations set up by the U. S. Government that tend to discourage sending the best-qualified people in private firms on overseas assignments. These limitations are not only the usual ones that a company working for the Government faces but include others, such as placing ceilings on salary. The only way to break through the salary barrier at this time is to go to the AID Administrator to obtain an exception on a case-by-case basis to permit payment of more than $26,000 a year.

As the AID program becomes increasingly occupied with the problem of finding an area of coincidence of interest between U. S. trade objectives and the developing country's investment objectives it will go through three crises: 1) whether or not AID will exist at all; 2) if it does exist, the redefining of its objectives to give co-equal attention to trade; and 3) to find people who are oriented toward and have knowledge in areas of business concerned with moving, storing, financing and selling of goods.

On the basis of the PL 480 experience in using local currencies to encourage the consumption of U. S. agricultural products, there is a reasonable basis for feeling that the PL 480 success is repeatable in terms of nonagricultural commodities. The trade/investment link is close enough, so that the area of coincidence of interest can be enlarged. In manpower terms, it is possible to predict that on both sides of the ocean, countries are increasingly going to be seeking to develop the skills which are directed to the problems of efficient utilization of what they have now.

Turkey and Indonesia are examples of countries which enjoy the surplus of capital equipment which arises from each organization wanting to be self-sufficient. There is no system of sub-contractors to punch holes, so each firm must buy a drill press to punch holes even if it is only used five hours a week in each plant. A shift to efficient management of scarce capital means the kind of people who are not only salesmen but also land development people who know how to organize industrial parks, and people who are concerned with warehousing, shipping and sub-contracting, etc. This involves not only the graduates of business schools, but a whole series of sub-professional skills. In manpower terms on our side, within the United States Government, I believe there will be a shift away from the allocation of resources (which are suffering an increasing shrinkage) toward the economist who seeks to use AID resources to achieve U. S. balance of payments objectives.

I anticipate that this type of shift in manpower interest within the U. S. Government will be matched by an increasingly heavy demand upon U. S. companies to replicate, perhaps on a smaller scale, the Litton type of experiment. These companies will be concerned not only with technology and with improving factory operations, but with the responsibility for the entire problem of producing, distributing, warehousing, financing, selling and expanding.

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DISCUSSION

The following comments and points were made:

1. Everyone overseas, a member of the audience said, is "selling." The AID missions as well as the U. S. businessman are selling policies, services and products. The problem is to combine and coordinate their efforts and to develop effective communication between the two, both here and abroad.

2. An important determinant of the effectiveness of development activity in the host country is the adequacy of the definition of the problem involved. We must look beyond the "project" approach--such as a "road" problem or a "credit" problem--and look at the developmental task of a system and examine the feasibility of every part of that system.

Joseph Keenan, Secretary,
International Brotherhood of Electrical Workers

At its first convention, more than a dozen years ago, the united AFL-CIO made this declaration: "The united American trade union movement, in common with labor everywhere, has the greatest stake in the preservation of peace and the promotion of freedom. Approaching the international crisis as patriotic citizens and free trade unionists, we have the highest interest in building a world free from all dictatorship, poverty, and war."

It further pledged "To aid free labor everywhere in becoming a powerful force for furthering social justice, national and human freedom, economic well-being and world peace."

The foreign policy resolutions adopted by the AFL-CIO ever since then reflect the deep and continuing dedication of American labor to those goals. American labor has been among the first to urge our government and other democracies to offer the economically underdeveloped countries adequate help to assure their economic progress, human freedom and national security.

American labor also has contributed money and manpower in many ways in the interest of developing and strengthening free democratic trade unions abroad as a basic step toward progress in the world's developing nations.

Economic progress demands more than an adequate supply of capital. It also needs human resources such as skills and a stable working force, and especially a healthy social, political and economic climate. Strong, responsible, independent trade unions are best equipped to create such a climate.

Free trade unions are the primary instruments for attaining decent conditions of employment and a fair wage. Such unions are also the best training schools for responsible citizenship in the developing countries. This has been demonstrated concretely by their increasing role in the building of their country through establishing producer, consumer, housing and credit cooperatives.

Cooperatives can improve the workers' standard of living and purchasing power by reducing their expenses and encouraging them to save. Through cooperative actions, unions affect the distribution of national wealth and also increase their members share of it.

Most common types of union cooperatives are in the fields of consumption, housing, credit and savings because these meet the most immediate needs.

Another area of union action in regard to cooperatives is joint consultation and representation on cooperative committees.

Cooperative activity can have a remarkable effect on the mechanism of collective bargaining. For example, in Venezuela the sugar refinery workers and the National Federation of Construction Workers obtained allocations of land for their housing from the employers as a fringe benefit, or as a substitute for wage demands.

American trade unions work in cooperation with many other groups in carrying out their international commitments. Labor leaders from this country are working with government officials overseas--serving with American embassies and as labor advisers to foreign missions. Trade unionists from other countries are brought here, many under government sponsorship, and are taught by American union members the techniques of union organization and administration, collective bargaining, economics, and education.

The AFL-CIO assists and supports the International Confederation of Free Trade Unions. The ICFTU is designed to help free labor achieve social and economic progress in freedom, and to fight all efforts of Communist penetration aimed at imposing a new slavery on workers everywhere. Special attention is given to economically underdeveloped regions and to areas where peoples are striving for national freedom.

American labor is also working closely with the Inter-American Regional Organization of Workers (ORIT), the western hemisphere branch of the ICFTU.

The AFL-CIO set up the American Institute for Free Labor Development (AIFLD) to educate and train Latin American labor leaders. It also organized the African-American Labor Center (AALC) to expand our assistance to the African trade unions. The emphasis is on projects in vocational training, workers' education, cooperatives, health clinics, and housing. Such assistance will help African labor play a vital role in the economic and democratic upbuilding of their countries.

Another group through which American labor works in world affairs is the International Labor Organization (ILO), which is striving to improve the economic and social status of workers throughout the world. It is working to abolish forced labor and discrimination, and to abolish laws restricting the free exercize of trade union rights.

The ILO program of technical assistance has done much to help improve productivity and managerial efficiency as well as helping to improve working and social conditions at the grass roots level in underdeveloped countries.

These countries may obtain the help of experts in teaching skills, improving working conditions and earning power, and increasing human knowledge and understanding of the ways of freedom.

Another significant area of international cooperation and activity by American labor is with the International Trade Secretariats. These are organizations of democratic unions in different countries organized on a craft or industry basis such as textile workers, miners, or transport workers. Many American unions belong to the Secretariats of their particular trade, helping workers in economically poorer countries to organize unions and thus to improve their living standards.

In Nigeria, the AFL-CIO provided the financing and the chief training officers for a motor vehicle drivers and mechanics school.

It is interesting to note that in some instances more than one country or organization cooperate in sponsoring a program. This was the case in an Austrian program for training East African metal workers, in which the AFL-CIO provided transportation expenses to Vienna for the participants.

Despite all these activities, trade unions in many developing countries have not yet achieved a sufficiently firm position to withstand continuing threats of liquidation or restrictions on their freedom of operations.

There is evidence of a continuing need for massive efforts in the field of education and training. People in many areas enter the work force illiterate, or with no vocational skills, and with no understanding of their role and their responsibilities in the emerging society.

The road ahead for trade unionism is quite clear. Basic education and vocational training will continue as a vital contribution by the union to its members and to their society.

American labor believes strongly that free, democratic trade unions are a basic element in manpower development, economic development, and in resisting totalitarianism in the developing countries. Helping such unions to grow, and providing technical assistance to help prepare them for the job they face, are major commitments of the American labor movement.

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DISCUSSION

The following points were made in the discussion following Mr. Keenan's talk:

1. There is a training job the unions as a group can do that is larger than what can be undertaken by a single union. Fifteen vocational centers, established by the U. S. union movement, are now operating in Latin America, and five or six have just begun operating in Africa. About 25 percent of AFL-CIO income is devoted to foreign assistance.

2. There is difficulty in transfering U. S. trade union experience to trade unions in developing countries because, among other reasons, true collective bargaining rarely, if ever, exists and because the host governments exert so much control over the indigenous unions. Only where the foreign government is friendly can the U. S. trade union movement do a truly effective job.

3. To increase its effectiveness in overseas developmental work, the AFL-CIO had hoped the International Confederation of Free Trade Unions (ICFTU), to which the AFL-CIO is donating funds, would establish branches in all parts of the world, set up a network of international training, etc. But the ICFTU has not lived up to expectations. One thing is clear--there is no substitute for the old-fashioned leg-work approach to building a trade union by going down to the grassroots. Moreover, the leaders for the national unions, as well as for the local unions, have to come up from **the grassroots level rather than the other way around. Although the American Institute for Free Labor Development, the African-American Labor Center,** and the Asian-American Free Labor Center help to retrain already recognized leaders, they do not have a function in the initial development of new union leaders and the initial development of local unions. However, activities to be undertaken by AID, pursuant to the public participation philosophy expressed in Title IX, will be of substantial help in this area.

4. **Because of government and other opposition to free trade unions, in many parts of the world unions are operating underground. This was the case in Nigeria, Algeria, and half a dozen other countries before they attained independence. At the same time, when governments shift away from democracy, the first organizations to be destroyed are the trade unions.**

Adlowe L. Larson, Director,
International Cooperative Training Center, University of Wisconsin

In the area of manpower we--the International Cooperative Training Center (ICTC)--are concerned with resources; these include resources of the United States Government, nongovernment, private sector, and those of other developing countries. If we were not so concerned we would not, of course, be involved in international activities. We are trying to tie up a package of these resources, techniques, and institutions to achieve some end results. We are concerned with the ends or goals and the means available to achieve them--the price that must be paid for attaining them.

Some people seem to believe that resources are available from a bottomless pit, and that all you have to do is dip down and get a little more of what you seek. However, it does not always work out that way. A bottomless pit of capable individuals does not exist in the domestic area, certainly not in the international area, and most assuredly not in the academic field. The supply of qualified persons in the cooperative field is limited. In addition, although a prospective candidate for overseas employment may be generally qualified, he may not be familiar with the problems of cooperatives in other countries. His U. S. management experience may be very narrow and not adaptable to cooperative management situations in other cultures and societies. In the field of cooperatives we are, therefore, confronted with a problem of allocating a limited supply of qualified manpower where it can be best utilized.

When the Cooperative League of the USA launched an extensive recruiting campaign to obtain qualified cooperative personnel a few years ago, they decided to seek people from non-cooperative fields who were sympathetic with the type of work being done, to train them and then send them overseas.

I believe that here and abroad, in both the government and the private sectors, and particularly in the cooperatives, we have to have an aggressive, selective and continuing recruitment and training program. In almost all projects it is clear that some type of training will be required. Who will provide the training for the personnel going overseas? How will it be organized? Should special programs be set up for each individual? Should training programs be scheduled regularly or offered on an "as-needed" basis? These are some of the questions needing consideration.

A number of technicians scheduled to go abroad for AID or for some contractor have visited our Center to become acquainted with some of the cooperative problems in developing countries. They appear to have benefited from their brief exposure and interchange of ideas with the trainees and the discussions that take place in our classes, and also from the written reports of participants, many of which provide excellent insights of the cooperative developments of the various countries from which our participants come.

Another aspect of the recruitment problem of qualified people for overseas cooperative jobs is the limited economic attractiveness of such positions. Some type of financial commitment is necessary to the individual and to the organization employing him. For the University this may be a lifetime appointment with resulting salary commitment and a huge expenditure. For example, the hiring of one person under a two-year contract may mean that the university is committed to an expenditure of one-half million dollars or more for that individual's future salary. Yet if the organization does not commit itself in some way it cannot expect to recruit professional personnel.

How can the position be made attractive to the cooperative specialists (not just "bodies") who may obtain a leave of absence from their employer to take an assignment abroad? They may hesitate to accept an overseas assignment unless they receive some attractive supplementary benefit that meets with their satisfaction. It is necessary too that jobs be available for them upon their return. Important too are the existence of amenities at the overseas post, such as adequate shops, theaters, the Post Exchange, the use of APO facilities, etc.

What is the solution to this problem? Well, it will be necessary to be more realistic about salaries offered to the prospective job applicant, for in the absence of such reality you may find it difficult--if not impossible--to obtain the services of the type of individual for the job you want him to do. Improvement in the selection of better overseas staff is vital, and I believe that when better job policy determinations are made and implemented these positions will become more attractive to the prospective job-applicant. It is clear that the supply of persons with the "missionary spirit" (those who, although grossly underpaid, still accept overseas work in the cooperative field because they are highly motivated to help others and because they like the work they are doing) is not inexhaustable and may run out.

In addition, a longer period to project plans will be necessary so as to give continuity and improve results. Instead of one-year contracts there should be longer contracts--say five-year contracts, funded annually. This will contribute toward getting able cooperative persons in government or government-related cooperative activities in the international sphere. I also would strongly suggest the reestablishment of a cooperative advisory committee.

How does all this fit in with the activities of the International Cooperative Training Center (ICTC)? Our center, now in its sixth year of operation, is a cooperative effort of the University of Wisconsin, the Agency for International Development of the U. S. Department of State and of cooperatives of the United States. The ICTC is a part of the University of Wisconsin--staff members are university employees. Financial support comes primarily from AID. Cooperatives provide in-service training for our trainees, help with some scholarships and give guidance and support.

Between August 1962 and April 1968 we have trained more than 1300 persons representing some 75 countries. The most intensive course the Center offers is a 20-week Cooperative Seminar, given twice each year. Classroom work is supplemented by field service training at U. S. cooperatives. The participants in this seminar are usually cooperative officials in government or in cooperatives.

The field service training is tailored to each participant's need, for each is assigned to cooperatives which will give him experience parallel to his responsibilities at home. The participant reports on these experiences and discusses them with the staff of the Center and his fellow students in the final sessions of the Cooperative Seminar. The Cooperative Seminar is so structured that individuals coming to the Center may take a part or all of the training program. Parts which may be taken separately include Cooperative Short Courses for Americans Going Overseas, The Role of Cooperatives in Developing Countries, Member Education Program, Cooperative Management Program, and Cooperative Credit and Finance Program.

Shorter sessions, each designed for a specific group, are organized as the need arises. Courses offered in the past include a one-month agricultural cooperatives course, a two-week program on rural electric cooperatives, a one-week session of a cooperative briefing for trainees who come to the U. S. primarily for other reasons, but who wish to know more about cooperatives, such as for labor and trade union participants and for vocational education students and workers. In addition, the Center develops training programs to fit the needs of special interest groups, such as for community development workers.

According to the feedback we have received on these programs, the results have been excellent. The trainees want to return home, not remain in this country, and have moved to positions of greater responsibility and leadership in the cooperative field.

Osborne Boyd, Acting Chief,
Liaison Division, Office of Private Resources, Agency for International Development

I would like to start off by touching on some things some of the previous speakers mentioned this morning, which I think have a definite bearing on what I will talk about. For example, I was particularly interested in what Mr. Chafkin said about marketing, because we are finding increasingly that where our emphasis on food production is succeeding, we are running into that very problem of marketing. One of the problems, I think, that AID has is that it is changing its thinking, changing its policies. I don't think this is unique in the government. I think this is true in any large organization.

I believe that in the whole field of international development change has occurred far more rapidly since World War II, and more quickly than change that has taken place in the United States. I would like to emphasize that I don't mean to say that international development has been a great success story. In fact, it had many failures. However, it should be recalled that in the United States it took 200 years for the concept of free public education to pass from the State of Massachusetts to the State of New Jersey.

It took time for things to develop in the United States, while things developed more quickly overseas. I refer to our own operations and policies. Do you remember how we started out? In the early days of our operations, it was a matter of details assigned by various government agencies--from HEW, Labor, Commerce--that worked with the Marshall Plan and technical assistance. We thus tended to develop a type of sector concentration and tended to think of the government agency that would be available. In these early stages our thinking did not include universities.

When Mr. Chafkin mentioned the problem of industrial parks, I thought how many of our overseas Program Officers and Mission Directors, faced with that kind of problem and knowing they needed technical assistance, had ever heard of the Society of Industrial Realtors or the Urban Land Institute? Normally, they would think of such a problem in terms of participation by government agency, and this type of thinking is one of our problems.

However, startling changes have taken place in our own Agency. It was only ten years ago that the very mention of cooperatives was not popular in the Agency. The first two men sent to Chile to prepare a study on housing financing in that country recommended the establishment of a savings and loan association. Their report was suppressed by the Agency and the State Department and was not to be distributed or given to any other country. That was the situation in 1958; since then things have changed.

I would like to talk about two major problems that affect manpower. First, I think the AID and U.S. policy to give food production in developing countries top priority is absolutely sound, and any of you who have worked overseas will, I think, agree with that priority. Second, I think the population problem is also one of the most serious problems, and that we are right in also giving it a top priority in our activities overseas. I should add that despite my many years of experience in the field of housing and my belief that housing is very important, I believe that today in most less-developed countries a higher priority should go to food storage and particularly countries in tropical climates.

I believe that Mr. Turner, a previous speaker at this Sympsoium, referred to the relation of increased agricultural production and rapid population growth to and their effort upon the problem of urban development, and in particular the special problem of squatters in Lima, Peru. Although we have not solved the "food problem," we have the technological knowledge required to solve it. I do question, however, whether we have sufficient knowledge to deal with the "urban problem," and with respect to the latter, the situation is also similar in the less-developed countries.

I think Secretary McNamara showed much perception in his talk in Montreal when he pointed out a definite relationship between violence and poverty in the less-developed countries and how violence outside the United States was concentrated in countries that were poor.

This has a definite bearing on what I talk about. One problem is that many of our people who look at the squatter problem in the less-developed countries think of it as similar to our urban slum problem in the U.S. However, the squatters in the less-developed countries are not in a ghetto. They are pioneers much like the people who settled the West. They are on the go.

A fine example of private enterprise at work in most of the less-developed countries is in the squatter communities. There you see industrial and small business development stemming from people's own effort. We need to focus our attention on private initiative, which is a positive force, and the best way of utilizing it.

This is something we must remember, because if we don't begin to think about it and don't try to do something about it, we may have the same problem. I say "we"--the world may have the same problem, which is rather unique in the U.S. today. So much for that.

Some of you may have heard Mr. Carter who spoke earlier in this Symposium. Speaking as a representative of AID and of its Office of Private Resources, he provided a broad explanation of the present direction of our program. I would like to reemphasize some key aspects of this new direction by reading to you an excerpt from AID's Policy Determination that stresses the use of private resources, and particularly its reference to the order of preference.

> "Where other factors are equal, means of obtaining skilled personnel will be used in the following order of preference: (a) by contract with non-governmental organizations; (b) by participating agency agreement or contract with other Federal, State or local government agencies; "--and I add, parenthetically, only as a last resort--"(c) by direct hire, by AID."

That is the present direction in AID: Putting it very bluntly, the emphasis of the AID program today is particularly along the lines of what can you do for us and not what we can do for you.

With the present budget problems we now face, from now on we will give preference to those private organizations that are prepared to provide part of the financing of the operation, as against those that are contracting in the form of a contract for 100 percent services. This is the general direction of the program at this time.

We are now searching for private organizations that may not have seen existing possibilities or advantages for their participation in this program. We don't know how far we will go and how much response we will get, and we are moving on this matter rather slowly.

Some of the questions raised at this Symposium suggest that we in AID should perhaps sponsor a meeting with U. S. private contractors similar to this Symposium for a dialogue on this very subject but deal with it in greater depth. This would seem to me a very logical step for us to take. As for tax aspects related to this subject, we do not presume to speak for the Internal Revenue Department, but at least we can get into a discussion of this particular aspect and explore it in greater depth. To be perfectly candid, while I am not afraid to ring door bells--I did this often in my lifetime--I quite agree that you can't function in any field, even the most occult professional ones, without some aspects of salesmanship. On the other hand, I must confess that one of my real concerns is over-promoting the idea of private organizations who come to us with offers to partially finance and to enter into a contract with us to carry out a given operation. One of the specific advantages of such a contract is that we get away from all of the verbosity and the spelling out of details--the commas, semicolons, scope of work, etc. Such contracts are written within a very broad frame of reference, and we make decisions within this general broad policy framework. We don't get into the "nit-picking" matters. The question of salary determinations and similar matters we leave to the other organization. However, I feel that before we promote too much in this area, we have to do more educational work within the Agency itself and in the whole matter of internal communications.

I am somewhat reminded of Victor Borge's quip that he had an uncle who invented a cure for which there is no disease. I fear that with too much promotion we may not have customers in our field missions, because it takes time to get our Mission Directors educated and attuned to this approach.

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DISCUSSION

The discussion between the panel and the audience of the presentations by the various panel members elicited the following points in addition to those noted above:

1. The current "incentive grant" of AID does not preclude the straight contract with a private resource with all costs funded by AID.

2. Although the trade union movement has been much more active than other private resources in pleading the cause of foreign assistance before Congressional committees, cooperatives and savings and loan institutions have also helped, and big business has not been antagonistic. One factor emphasized is that the grassroots population of the U. S. has not been fully informed about the need for foreign assistance and why American aid is important. Big business may help in other ways. For example, AID is working with ITT on the latter's proposal to set up a foundation in Brazil at its own expense to train thousands of people from all of South America on the entire range of communications media.

3. The need to develop better relationships between U. S. government and private resources highlights the fact that U. S. private resources, in seeking contracts in developing countries, are in competition with France, Germany, Holland, Japan and others. It is also important to emphasize good relationships between the university educators and businessmen operating in the educational field. A member of the audience offered as an example of the potential effect of exposing governments of developing countries to proposals by U. S. private resources a project proposal for training hospital maintenance people which took three months to develop, for the development of which no foreign or U. S. government money was involved, and the implementation of which involves 23,000 jobs in South America.

4. In March, 1967, AID and the Departments of State, Labor, and Commerce issued a policy statement committing the government to promotion of good labor-management relations overseas of U. S. firms. The government will: (1) make available pertinent materials and information; (2) facilitate resolution of labor relations problems of U. S. overseas employers; (3) encourage the development of free trade unions; and (4) support efforts of foreign governments to improve the content and implementation of their labor laws. Incidentally, it is often found that American firms overseas with good, well-defined in-plant training programs also have excellent labor-management relations.

5. In delineating the assistance AID might be able to furnish U. S. employers in developing countries--in such fields as manpower training, for example--AID's primary role of providing development assistance must be remembered. In other words, it is for the U. S. Department of Commerce and the embassy commercial attaché to provide assistance which may help the U. S. businessman but which, however, does not further the development of the country.

6. It is fruitful to compare the development assistance program with sending a man to the moon. The latter is relatively simple, involving many fewer variables and many less complex phenomena than trying to influence the economic, political and social patterns of human beings. One cause of the difficulties AID faces is that it has promised too much too fast.

CASE HISTORIES

Angelo Verdu, Assistant Administrator,
American Institute for Free Labor Development

It is with a great feeling of personal pleasure and organizational pride that I meet with you this afternoon to present and discuss one small segment of the work of the American Institute for Free Labor Development--the sponsorship of industrial training programs in the developing nations of South America.

One of the basic aims of AIFLD is to help the free labor movement of Latin America to become a powerful force for social change and democratic development. Functioning in complete harmony with the Alliance for Progress, both as a concept and a program of action, the Institute seeks to promote the direct participation of workers in their own economic and social development. Specifically, all AIFLD programs, projects and activities--in the fields of education, housing, community development and information--are geared to the implementation of a basic trade union document of the OAS. I am referring to the Declaration of Cundinamarca, adopted by the Meeting of Ministers of Labor of the OAS in May, 1963, in Bogota, Colombia. Recommendation #7 of that Declaration calls for labor, management and government to assume responsibility for training the labor force. In Central America, the Dominican Republic and Guyana, AIFLD is sponsoring the establishment of vocational training schools to provide more skilled workers. In this Symposium of the International Manpower Institute, I shall discuss our school in Guyana, the Guyana Industrial Training Center, where classes are scheduled to begin this summer. (The Center was formally opened in Georgetown on August 20, 1968.)

It may be useful for you to know something of the economic and political setting of Guyana at the time this program was first considered. Politically, in early 1965, the country was emerging from several years of misrule and poor leadership. In particular, the years 1962, 1963 and 1964 were years of terror, riots, arson and political murders. It was during these years that the labor movement, in opposition to restrictive and oppressive labor legislation, called a general strike that lasted for 80 days--a record for the labor movement of any underdeveloped area and one that is not likely to be soon matched. Led by the Guyana Trades Union Council (TUC), the Guyanese society rebelled against being led down the road to communism and elected, in November 1964, a moderate, socialistically-inclined lawyer and labor leader named Forbes Burnham.

Upon taking the oath of office in January, 1965, it became the task of Mr. Burnham to lead the country, then British Guiana, to independence from Great Britain. To achieve this end, a coalition government was formed and, although uneasily, law and order were gradually restored. A measure of political stability--so necessary if the larger goal of independence were to be achieved--was evident. It should be acknowledged, however, that the continuation of political stability was far from being assured in the first half of 1965.

The new government could not, of course, be concerned only with the maintenance of law and order. Law and order without economic development could be expected to be short lived. Greater economic progress became the second most important goal of the government and of the people of Guyana. Neither political stability nor development could then or now be considered mutually exclusive, of course, since without one, there soon would not be the other.

Guyana's seven-year development program lists 25 major targets. In a country with unemployment running about 20 percent and a population increasing at over 3 percent a year, the government of Forbes Burnham assigned top priorities to: (1) providing as many jobs throughout the country as soon as possible; and (2) increasing the productivity of labor by technical training. In very simple terms, Guyana is in the unfortunate position of having a large number of people without jobs, while at the same time many jobs remain vacant because there are no trained persons to fill them. This situation is intensified in the building and trades sector where the unemployment rate is about double that of the national average, although competent craftsmen are in great demand and can command premium pay. In stressing jobs for people rather than work for machines, the Guyanese Government makes jobs the top priority in its development program, relegating increased productivity to a secondary, though important, need.

The coalition government appealed to the United States Government for assistance. Within a few months, plans were well underway for the construction of roads and an airport terminal building. By June of 1965, it seemed, almost as if by decree, that talk of political intrigues and attempts at subversion were giving way to the more productive talk of development, of construction contracts, of the means to build a better society.

AIFLD's main objective in Guyana is to support and assist the most democratic and progressive element in its society: the labor movement led by the Trades Union Council. This is being accomplished through a program of low-cost worker's housing (the first units of a $2,000,000 AFL-CIO project will be dedicated on May 1), trade union education, small, interest-free social action projects, and the industrial training center. By early 1965 the need for such a center was underscored when the U. S. financed road-building program was jeopardized because of the shortage of heavy equipment operators and maintenance men. In addition, an acute shortage of trained building tradesmen threatened serious delays in the construction schedule of the AIFLD proposed housing project.

In July, 1965, at the request of AIFLD's Administrator, Mr. William C. Doherty, two experts of the United Association's (UA) International Training Fund, Administrator, James P. Schoemann, and Training Coordinator, Richard Walsh, completed a three-week visit to Georgetown to study the feasibility of establishing an industrial training center. They were also asked to make recommendations for the center's operations. Their report, submitted to AIFLD's Social Projects Department in September, 1965, was divided into four parts: the need for industrial and trade training; the interest and participation by the trainees; cost estimates for building, equipping, staffing and operating during the first five years; and the planning of a long-range program to meet the continuing training needs of the country.

Regarding the need for a center, Schoemann and Walsh noted the low level of skills, trade knowledge and productivity of the Guyanese worker. Antiquated methods, worn out, broken tools and equipment, and inferior materials were commonplace. It was obvious that neither the quantity nor the quality of apprentices and journeymen were meeting the industrial needs of the country. The UA experts found a strong interest in training among the workers, labor officials and employers. Their report recommended that AIFLD operate the Center during the first five-year period and that it recruit an experienced administrator and select the instructors. They also recommended that a Joint Training Committee be set up to furnish overall supervision of the Center's operations and advise the Administrator. The joint committee, called the Consultative Association of Guyanese Industries (CAGI), was to be composed of the AIFLD Country Director, representatives of the Ministry of Labor, the AFL-CIO, the TUC and an employers group. (Construction on the ten buildings comprising the Center was completed this summer.)

The Center's facilities include six technical shops, four classrooms, an office and sanitary facilities. About 250 students a year will receive training in carpentry, electricity, heavy equipment maintenance, masonry, plumbing and welding. Certificates of Achievement will be awarded for the successful completion of specialized courses in one of the six main fields, plus some mathematics, science and trade union theory.

Since early February, 1965, the TUC had passed resolutions calling for an increase in industrial and vocational training. The Consultative Association of Guyanese Industry (CAGI), an organization of employers, had been previously asked by the Government for their opinions on the best means of training people to play a role in the development of Guyana. AID had become increasingly concerned. Many organizations were interested and were active--but at this point all of them were still seeking solutions independently of one another. In fact, although all were committed to the desirability of industrial training, these groups viewed each other with a measure of suspicion stemming from contacts on matters of something less than mutual convenience.

Where, then, did the idea originate which resulted in the formation of the Guyana Industrial Training Center? Perhaps, rather than a single idea, the Center should be viewed as an evolution of the ideas of the many parties who eventually became involved in it. I can only best describe how AIFLD became involved in the development of the Center.

In early March, 1965, a meeting was held at the State Department to discuss the procedures to be followed in obtaining a housing guarantee for the proposed TUC housing project alluded to earlier. Present, among a half dozen others, were Harry Yoe, the USAID Mission Director from Guyana, Bill Doherty of AIFLD, Dean Clowes, then with the Steelworkers and more recently the Assistant Administrator of the Afro-American Labor College, and Jack Heberle, an AIFLD employee destined to be assigned to Guyana as Country Program Director.

I am sure that Bill Doherty took justified pride in suggesting that perhaps the AIFLD could initiate a series of "Impact Projects," small projects costing less than $5,000 to be financed by the AFL-CIO to supplement the housing program. Mission Director Yoe, of course, agreed and, perhaps thinking of the problems that he faced every day of the week, mentioned that what he really needed was a program to solve the problem of a shortage of skilled labor. Somebody suggested that if $50,000 were available, coupled with presumably vacant facilities at Adkinson Field, Georgetown, some people might be trained. Attention was called to the fact that in this country some of the best training in the trades takes place under the auspices of trade unions. Talent for such a program could certainly be made available, and it was agreed that the whole concept deserved further investigation.

The TUC reacted with enthusiasm to our inquiries about their interest in such a program. In April, 1965, the TUC requested AIFLD's aid. They pledged to actively support the program and informed us that a special committee was to be established to assist in the development of such a program. A meeting with the Minister of Education produced a similar warm response. Representatives of the business community were equally delighted that "someone" was interested and paying attention to this matter of training.

Unfortunately, however, no facilities were made available for the program. Nevertheless, the decision was made that the project still required the investigation of industrial training experts, and AID agreed to cover the expense of a feasibility study. A committee composed of Jim Schoemann, the Administrator of the United Association of Plumbers and Pipefitters International Training Fund, and Dick Walsh, the Association's Director in the New England area, was assigned the task of carrying out this study, which was to be divided into four parts: (1) to determine the need for industrial and trade training; (2) to determine the interest in such training by trade unionists who might be expected as participants; (3) to make cost estimates for the construction, equipping, staffing and operation for the first five years; and (4) the planning of a long-range program that was feasible to meet the continuing training needs of the country.

Schoemann and Walsh arrived in Guyana and began work on the study, July 1, 1965. The ground work was completed within two and a half weeks, but not until September was the study prepared in its final form for presentation to AID. Basically, the study found that, indeed, skills were lacking, but further, that the top priority should be given to the building and construction industry trades, which came as a surprise to no one. Specifically, they recommended training in plumbing and welding, carpentry, the masonry or trowel trades, electricity, and in heavy equipment operation and maintenance. It might well be asked how they made this determination. The answer must necessarily be more simple than the actual analysis. The first week was partially spent determining what economists might call the "demand side," i.e., an estimate of how many additional skilled workers might be needed as a result of new planned programs of construction and investment. Schoemann talked with AID officials, representatives of the Guyanese Government and Guyanese industry, members of the academic community, and constantly with the advisory committee set up by the TUC. Despite the prevailing high levels of unemployment he noted, a definite possibility existed that economic expansion would be limited by a shortage of skilled labor.

The "supply side" was similarly investigated. How many persons could be expected to be trained by government and industry under existing programs? Again the investigation mainly took the form of interviews--although more statistical data were available on the supply side.

However, trying to prove the need for training statistically was, indeed, a waste of time. As Jim Schoemann expressed: "All you have to do is look at their work to see that they need training." The real problem was one of determining priorities, and this was mainly a problem of estimating future demand. Incidentally, the United Nations completed a study entitled the "Manpower Survey" a year and a half later that confirmed the conclusions of Schoemann and Walsh.

Interest in the project by the rank and file of the TUC was easily verified. At the suggestion of Schoemann, a general meeting of building trade workers was held to explain the proposed program. An estimated 300 of 500 union members in the Georgetown area crowded into the TUC Headquarters building to hear the proposals.

The feasibility study also provided cost estimates for the proposed center. The program, which was to be financed by AID, was to cover a period of three years. The first half of the program would be concerned with the construction and equipping of the classrooms, office and shops and the recruitment of instructors who, in the absense of qualified Guyanese instructors, were considered necessary to implement the program. The second 18-month period, of course, was calculated to be less costly because the construction and capital expenditures would have been made in the first half of the three-year period.

The long-range planning was considered in this way: There was to be an automatic phase out of U. S. personnel after the three-year period. During the second 18 months, heavy concentration would be placed on the development of Guyanese instructors, the selection being made from among the most promising students. With U. S. instructors phased out, it was expected that the Guyanese Government and Guyanese industry could be expected, after a three-year period of "grace," to assume the responsibilities of continuing the financing of the Center.

Problems and delays were encountered here in Washington during the preparation stages. In addition, serious problems existed in Guyana. For example, an agreement had to be reached in the Guyanese Government concerning which Ministry--Education or Labor--the program should come under. Although this problem was an internal matter for the Guyanese to solve, we nevertheless favored a program under the Ministry of Labor. There are several reasons for this. First, we wanted as much labor content in the training as possible. We were in Guyana to help and strengthen the democratic labor movement, and although we were very favorably disposed to the Burnham Government, our chief interest was then, and is now, the development of the TUC as a responsible organization that is able to provide services, such as training, to their membership.

Secondly, the Ministry of Education had not shown an excessive amount of enthusiasm for their own program of vocational training. Since what we were proposing, although an educational endeavor, was something out of the ordinary, we would rather have it under the auspices of some other ministry, preferably the Labor Ministry.

Finally, we considered our program not to be the teaching of basic vocational skills but rather a skill—improvement program. We expected that the trade unionists who came to us for training, while sorely in need of such training, would already know "which end of the hammer to hit with." The emphasis was on the trade unionist--not on other segments of the work force, no matter how deserving or needy they might be. Both of these factors, the emphasis on skill improvement and the emphasis on trade unions, forced us to cooperate with the business community and with the government in order to get the program under way. In any event, the question of which Ministries the training should come under was finally resolved in favor of the Labor Ministry.

The areas of disagreement, despite everyone's concurrence in the desirability of the training, were quite numerous. CAGI was realistically concerned with the ultimate financial cost to the business community resulting from their involvement with our project. If they were expected to pay the bills later on, they wanted assurances of control over how the money was to be spent. Control of the Board of Directors by CAGI would mean a loss of control by the TUC in the selection of students. And in any event, the Government, not wanting to be accused of showing overt favoritism to the labor movement, was already pressuring to include as many students as possible in the training program other than trade unionists.

By December, 1966, AIFLD Country Program Director, Jack Heberle, was finally able to get each of the parties to sign the papers of agreement that would give legal life to the Guyana Industrial Training Center. Also in December, 1966, AIFLD signed an agreement with the Guyana Industrial Training Center to build, equip and staff the new institution.

The structure of the Center is of interest. Its governing body is composed of seven members: two each from the TUC, CAGI and the Ministry of Labor; the seventh member is the AIFLD Country Program Director until such time as AIFLD phases out of the program. Thereafter, he will be a representative of the Government whose interest is to coordinate industrial training activities throughout the country.

The chief functions of the board are to advise the Administrator, presently an AIFLD employee, as long as AIFLD is engaged in the program, and thereafter, to direct the Administrator whom they appoint. During the first three-year period, perhaps their most important task is to find ways and means of providing continuing financial support for the Center. Several methods are being actively considered at the present time.

Armed with AID-approved plans and specifications, AIFLD put the construction out to bid during April, 1967. Finally in June of 1968 the construction phase has just been completed, a complex of six classrooms, six shops and office space on a large piece of ground in the center of Georgetown, donated by the Government of Guyana. The AIFLD Administrator is overseeing the installation of equipment right now, and the instructors have been hired and are preparing to depart for Guyana. Classes are scheduled to start in the summer of 1968. Curriculum development and the selection of students are some of the current problems facing the Administrator.

This, then, is the case history that is as yet incomplete. Perhaps I will be fortunate enough to address this group two or three years hence to conclude the story; to report on the number of graduates; to discuss the effectiveness of a skill-improvement program; and to tell you that the AIFLD has turned over the total responsibilities of the Center to a financially-sound institution. I hope so.

In conclusion, I think it deserves to be mentioned that this project involves the mobilization of both private and governmental resources of not one but two countries. In this sense, it may be unique and a model to be profitably followed.

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Everett M. Kassalow, Professor of Economics,
University of Wisconsin

The role of the trade union movement in the development process, its potential contributions to industrial growth, manpower improvement and related matters has barely been treated in social and economic literature. Trade union development in the West, where industrialization first took place, made this almost inevitable.

In the West trade unionism arose as a defensive, reacting force to protect workers against the impact of private capitalist development. The necessity to struggle for workers' basic social, economic and, in many countries, political rights left little room for anything beyond this defensive struggle. Economic development rested largely in the hands of the private capitalist sector, with some assistance by government. This process, moreover, was largely a spontaneous affair, with a minimum of planning or conscious setting of goals for industrialization, by the societies.

Ultimately, the struggle of workers and their unions began to transform their roles in the process, and to affect the process itself. Gradually, as social, economic and political rights were won, workers and unions passed from being "outside" the development process and merely reacting to it, to a state where they became increasingly integrated into society and began to play a more positive role within it.

For example, the unions, in a number of European countries which had established their own social benefit schemes for members, saw these gradually transformed, before World War I, and after, into public institutions, generally under a system of management in which the unions shared responsibility along with other groups. In some cases, as in several Scandinavian countries, the unions were entrusted with complete responsibility for operating certain parts of the social insurance system. These social insurance systems of Western Europe have evolved considerably since World War II, but in many countries unions still play a large role in managing them.

I cite this as an important instance in which the unions came to perform a significant "manpower" role, and one which integrated them into the society. This process of integration and the shift to a more positive role for the unions in the society, was a slow one for the most part. It only gathered "steam" in the West in the past two or three decades.

Today, the union contribution to economic planning, to industrial development, to manpower training, to many related fields in Western industrialized nations is formidable. Dutch unions sit on the top-level Economic and Social Council which passes judgment on the country's general economic plan as well as all important economic and social legislation which is to be considered by the Parliament. Unions perform a similar role in France.

The Swedish unions, all three major federations, are represented on that country's National Labor Market Board. The latter is the policy-making instrumentality which passes on: (1) training programs for unemployed workers; (2) the release of funds for public works to offset slackness in the economy; (3) the encouragement or discouragement of private business investment, in keeping with the need to act against the business cycle, by manipulating special tax reserves; etc. This is a major function, and the Board on which the union sits is dominated by labor and business representatives, with government members in a very small minority.

The industrial training field in Great Britain has been largely entrusted to boards being created industry by industry. These boards, in turn, are controlled by union and management representation from the various industries. Among other powers labor and management representatives are entrusted with determining manpower and training needs for their respective industries, and then they can levy general taxes on employers to pay for authorized training programs.

The foregoing are merely examples of the kinds of development functions which Western unions have come to take on in the course of the twentieth century. Many of these, obviously, contribute directly to manpower development and improvement.

The work of many European labor movements in the cooperative field, and especially in housing cooperatives, is well known. The Trade Union Housing Cooperative--Riksbyggen in Sweden--has produced more than 10 percent of all residential units in that country since 1950. It has acted as a mobilizer of investment resources, via workers' savings, as well as a supplier of relatively low cost housing.

In a less spectacular but nevertheless significant manner, in recent decades many U. S. labor unions have undertaken activities and functions which make a direct contribution to the growth of the economy and particularly to manpower development.

Within the past two or three years, for example, unions such as the Operating Engineers and the United Automobile Workers have entered into specific contracts with the U. S. Department of Labor's Manpower Administration to train groups of workers in occupations where pressing shortages have existed. This type of training is generally of a project nature directed to particular, immediate shortages, although it has also embraced more general training for the poor and other disadvantaged groups.

While we may not ordinarily think of it in "manpower" terms, the health protection activities of many U. S. unions really fall under this category. Whether through collective bargaining or by other devices, many U. S. unions have sponsored group medical programs for workers, health centers and hospitals for diagnostic and therapeutic purposes, etc. The various medical centers set up by the International Ladies Garment Workers Union, which furnish clinical care for their members, usually on an out-patient basis, including general examinations, X-ray treatment and many laboratory services, come quickly to mind.

Moving in different directions, other unions, such as the United Automobile Workers in Detroit, have undertaken to provide comprehensive medical care for their members on a community-wide basis. The UAW, for example, originally sponsored and has continued to support the Community Health Association which offers comprehensive medical (including home, hospital and surgical) care in Detroit, to all who choose to join it, including (but not restricted to) UAW members.

The American labor movement, especially in the past seven or eight years, has also been caught up in many of the same high level social and economic policy functions for which we earlier provided Western European examples. Whether it be a public commission on the impact of automation and technology, a reexamination of East-West trade or the implications of Negro ghetto riots, union leaders are almost invariably called upon to participate in these bodies. In the U. S., unlike Europe, these bodies are almost always ad-hoc in character, in contrast to the more permanent types of European social and economic councils, but the significance as regards the changing or expanding role of unions, and their deep integration into the structure of society, is generally similar.

Admittedly, the U. S. and most other Western trade unions have often come relatively late to these functions, and often they are not central to their main thrust. These developments, nevertheless, suggest important changes in the union position in modern Western countries.

The very nature of the social and economic conditions confronting the unions in less-developed countries makes it likely that they will take on these extra collective bargaining tasks and functions earlier in their histories, and to a greater degree than was true in Western development. From the beginning, in many instances, new country unions are asked or must assume a more integrated role.

In the first place, the unions have been born into societies which are still largely underdeveloped (Africa and Asia). The unions, like other would-be modernizing forces, must assume an important role in developing their own societies. Again, there are often great vacuums in terms of associations or groups with an interest in modernization. The middle classes, the small merchants and businessmen, the bankers, who came to play such a vital role in Western, capitalist development are often scarce (or almost completely absent in some African countries, so far as indigenous talent is concerned) in the new societies. Unions and other groups must help fill the managerial gaps in the society. This will be true when it comes to running health programs, training programs, housing for workers' programs and other activities.

Perhaps as important as the need to fill these vacuums is our new knowledge of the vital role of human resource development as a factor in economic progress. As the new societies were beginning their development in the 1950's, it was commonly believed that capital was all-essential, and the only great limiting factor on development. As one economist has put it: (Charles P. Kindleberger, Economic Development, McGraw-Hill, New York, 1963, p. 83.)

> "In the view of many economists, capital occupies the central position in the theory of economic development. Development brings with it . . . an increase in population and the labor force. Since land is fixed, barring discovery of a frontier, the land/labor ratio must decline. An increase in output per worker, therefore, would appear to call for an increase in the capital/labor ratio. In this view the process of economic development is one of replacing shovels with bulldozers, scythes with reapers, three horsepower of machinery per worker with ten horsepower. Capital is regarded as not only as central to the process of development, but also as strategic, . . ."

As the study and experience of development has proceeded in the past decade, however, economists in many countries have come to understand that presence or availability of conventional or reproducible capital is not enough. The work of Theodore Schultz, Solomon Fabricant, the United Nations, International Labor Organization (ILO) and others has shown that investment in human resources, health, housing, education, manpower training and the like often produce a greater return, as far as development goes, than does the mere investment in conventional capital.

It is precisely this new knowledge about and insight into development, the growing appreciation of the value of investment in human resources, that more than ever emphasizes the role unions can play in new country development. What institutions are better placed to make a significant contribution to the development of human resources, whether it be in administering health programs, helping to train workers, helping to mobilize workers' savings for badly needed housing in jammed urban centers, etc.?

As we have already suggested, the unions are among the few institutions in the new societies which are truly committed to modernization. How plausible it is to tag them for many of the tasks related to manpower development.

In passing it should be noted that involving the unions in such wide and basic development tasks should also serve to broaden what otherwise might be a total emphasis on conflictive bargaining activities by new country unions. In view of the limited state of economic development of most new societies, such a broadened scope or role for the unions should be welcomed as a means of easing direct economic pressures.

Do not misunderstand me. I think efforts to smother completely the more traditional union bargaining efforts for wage and working conditions defense and improvement will backfire. This side of unionism can and must go forward. Without it members will come to view their unions with suspicion. But to the extent that unions can contribute to development tasks (health care, training or housing, for example), there may be less all out, exclusive pressure on their part for direct economic gains which some new societies may be less well placed to meet.

The activities of Western unions already described above, in manpower and training, housing, health, social security and the like, give some indication of the potential areas for new country unionism. Not all of these can be taken on by all new country unions by any means, but they are indicative of the possible areas of action.

Moreover, there is already enough experience in the new countries to indicate the feasibility of these types of programs.

I have, myself, seen the extremely useful hospital-clinic run by the Indian Textile Labor Association (TLA) for its members (and families) and some outsiders, in Ahmedabad, India. The same union has also helped to promote housing units for some of its members. It also runs a general welfare service to advise and help its members in the many problems they encounter in a more or less typical, overcrowded, industrial Indian city. The TLA, it should be added, does not, however, neglect its representation efforts on behalf of the workers in the plants and on national wage boards.

The Venezuelan sugar workers union has, as part of its collective agreement, obtained funds to help establish grocery cooperatives and housing facilities for some of its members. This is a relatively recent program, and I still lack details on how it is working out.

Several other Latin American unions, some of them working in cooperation with the American Institute for Free Labor Development which the previous speaker described for you, have also undertaken worker housing projects. The road is difficult, workers' savings are small, their capacity to pay for the upkeep, maintenance and amortization of even "low-cost" housing is limited, but the results can be highly useful for a developing country, and it also helps to cement the worker's loyalty to his union.

In Africa several unions have gotten into the training "business." The AFL-CIO's Ladies Garment Workers Union helped a Kenyan union of textile and tailoring workers to establish a training center for garment tailoring and cutting in Nairobi. The AFL-CIO, through the African-American Labor Center, helped establish a similar union program to train truck drivers in Nigeria. The Israeli labor federation, Histadrut, has assisted several African unions in training construction workers. The Algerian and Tunisian union movements have also begun some vocational training efforts in the construction field.

It is too early to judge the results of their efforts. However, the enormous shortage of skilled workers in all of the less-developed countries suggests that these programs can help close some of the skill gaps. Truck driving and motor maintenance or sewing machine operation may not seem like great skills in the West, but they are significant in societies where skill levels are terribly low, as in Africa, and training facilities very scarce.

Let me refer finally to one phase of potential labor activity of particular promise, but one about which we lack much verified, empirical data. I refer to union participation in the work of productivity centers and councils. In such diverse countries as Great Britain, Israel and Egypt (and others), we found such productivity bodies, with unions being closely associated with their work.

Recent studies have suggested that the mere improvement in allocation of production factors, the transfer of resources between industries, the reallocation between labor or capital in a given industry, are likely to lead only to modest economic gains. In contrast to this, Professor Harvey Leibenstein of Harvard University has found that the improvement in economic organization itself can yield relatively higher results in many developing countries, with little or no new outlay in capital. From a survey of the work the ILO has done through its Productivity Missions, Leibenstein stresses the production improvement which can flow from improved management, the transfer of new production and organization techniques, the enlistment of worker understanding and support in production problems, etc. (Harvey Leibenstein, "Allocation Efficiency Vs. X-Efficiency," The American Economic Review, June, 1966.)

As a means of making such organizational, technical and motivational improvements in production, a number of countries, including the three already mentioned, have established national productivity centers, with regional branches in some cases. Business and union organizations cooperate in the work of these institutions to insure acceptance of their proposals by the management and work force at the enterprise level. The latest techniques in different industries can be pooled and made available through such centers. Work study and design, both for labor and management experts, is encouraged under the productivity center's general direction.

The idea of using agricultural experimental stations to raise farm productivity has long since gained acceptance. Industrial productivity centers can, as they gain experience and acceptance, make a somewhat similar contribution to productivity on the industrial side. Unions, along with management, have a major role to play here in improving the performance of industry. They can also see to it that workers share equitably in the fruits of this improved productivity. Without union presence and full participation, it is highly likely that the work of any productivity center will be viewed suspiciously as a mere device for "speed up" and exploitation.

New country union development will inevitably be different in many respects and in degree from what we have already experienced in the West. The assumption by unions of many of the burdens associated with manpower development and improvement, including education and training, health protection and housing, the improvement of productivity, seems to be inevitable. The growing recognition that investments in these same areas are as essential as those in conventional capital forms should heighten the new countries' appreciation of these activities and the potential union role in them. Not all new country unions can take on the complete range of manpower improvement activities which we have referred to above, but these movements should be encouraged and utilized in a growing number of these activities as a means of aiding economic development, as well as strengthening union positions in the emerging societies.

3

SUMMARY

Harry Gracey, Office of Private Resources, AID

Gil Carter's excellent presentation extended our horizons to go beyond the traditional vertical grouping of AID mission projects. We always considered that we were working vertically in agriculture, health, education, infrastructure, industry, etc. He gave us our first "think piece" on the horizontal horizon in which we cut across all the vertical fields and consider what private resources in the United States, as well as in other free world economies, can do to assist the across-the-board economic, political and social development of the LDC's. One of the things he mentioned--the freshest thing coming out--was that we are also thinking about grants to private institutions in the United States to get them started in this field. In the U. S. we already give grants to nonprofit organizations such as the International Executive Service Corporation (IESC), the Volunteers for International Technical Assistance (VITA), and the Latin American Investment Promotion Center in New York.

These are all private nonprofit organizations that we are assisting with grants to encourage or persuade them to enter into the development field. We hope that eventually these organizations will participate on their own initiative, without AID financial support.

The new development means that now we will also consider for grants U. S. profit-making organizations. For example, if there is a research job to be done in seed research, the question arises, would it not be just as easy to give a grant to some private company already in this field, or to persuade them to do the work without a grant.

In referring to AID's development of popular participation, Mr. Carter believes that we should place less emphasis on GNP and other statistics usually gathered, and more emphasis on our judgment of the quality of such indicators. In evaluating the effectiveness of very precise and fine planning, he referred to the pebble-stucco approach, in other words, let's throw everything at the LDC's and see what sticks.

Burnie Merson, too, emphasized the horizontal approach versus a sectoral or vertical approach, and urged manpower planners to integrate manpower training and manpower development horizontally rather than in terms of vertical groupings of manpower. For example, there is very little difference in the training of manpower for management in a private company, a voluntary agency, and in government. The principles are basically the same.

Mr. Stratton of W. R. Grace explained the Paramonga Project in Peru, which covered all aspects of marketing, manpower training, equity capital development, technology, transfers, and community development in terms of workers' housing. In other words, the Paramonga Project presents the picture of a complete, integrated horizontal approach. The company went beyond the establishment of a plant solely for profit and extended its activity throughout Peru to expand employment and to development manpower training.

Murton Cregger, who represented CARE, a major voluntary organization, said that the voluntary agencies are better suited for job-training than job-creation, which is true. Voluntary agencies have fewer resources than equity capital institutions; therefore, they get into the picture later and develop a great deal of job-training and community development consistent with the particular objectives of their agencies, whether they be religious, community, social or medical organizations.

He emphasized that voluntary agencies are the only nonprofit type of private resource where the emphasis is on "people-to-people" contact and not "government-to-government", that is, the mobilization of people at the local levels for all types of manpower and industrial development. A second point of emphasis is the element of self-help, which AID has been stressing for the last five years. One of the advantages of the voluntary, nonprofit organizations is that they are free to experiment. They are not restricted by someone in Washington who might say, "This is the limit of your contract; this is the limit of your survey or feasibility study, and don't go beyond these limits."

The voluntary agencies also emphasize diversity of activities. I studied the activities of the voluntary agencies in Brazil, and their work covers every item usually included in any overseas AID program; they include health, education, agriculture, cooperatives, banking, savings and loans, housing, community development, and manpower development.

Mr. Dollard gave us a very good example of how IBM set up a complete school for training people in the electronic data processing field, that included every element of training, from management to the assembly-line worker. Yet, at the same time, the school was placed in an LDC and helped to fill the gap between university and primary education, the big gap in the field.

Carl Goderez explained that Latin American institutions are also training manpower. In Colombia, for example, over 25,000 managers were trained.

I should like to note from my own experience that in Brazil, 57,000 managers were trained at a cost of about $100,000 a year during a five-year period. Goderez was somewhat concerned about training all these managers and then finding no jobs for them.

When we refer to "training managers" we mean not only the top administrators but also middle- and first-line managers. Goderez's main point was that we must counterbalance this lack of jobs for the people we are training or we will find ourselves in a stalemate. Private investment programs of AID, or of anyone else, either in equity capital or in technology transfer, must be emphasized and continued despite the fact that we have a balance-of-payments program to hold back the tide of equity capital going out to these countries.

In my talk I covered aspects of Title IX, which Mr. Toth so ably discussed in greater detail. I mentioned that one of Title IX's basic objectives is to encourage host governments to create an environment that fosters private initiative.

Mr. Toth stated that the implementation of Title IX is confronted by such questions as the following: "If economic and political power are concentrated in the hands of a few, how do you achieve a widespread effect in the utilization of private enterprise? What do you do?" He proposed three approaches for dealing with such questions: 1) improve the host government development program to improve enforcement policies in reference to taxes, wages, imports, private sector participation, and the elimination of preferential treatment of semi-public and public investment; 2) introduce programs designed to facilitate popular participation; and 3) support private associations and organizations, such as the cooperatives or the farmers' associations directly, without going through the government bureaucracy.

The key to Title IX is popular participation through democratic pluralistic institutions in decisionmaking. Title IX aims at getting people into a self-determinative type of activity, and not to depend upon government to develop institutions.

Mr. Chafkin said that we have many troublesome problems because of changes in governments. He mentioned Nigeria, Indonesia and other governments which in some cases had to start over again because of changes in the environmental situation.

He mentioned that our development emphasized shifting of private organizations to take over the whole projects. Instead of sending one private organization out to do a feasibility study, another out to do a manpower study and another one out to do some operational work, he emphasized that we should be utilizing private organizations to do the whole study or to use the horizontal approach, taking a project from the beginning to its consummation.

He also mentioned critical shortages in business skills and technology and emphasized the lack of skill in salesmanship. He referred to two very interesting projects, the Litton project in Greece, and the Esso project in the Philippines. Someone else mentioned the Vanguard Program in Africa as examples of private or quasi-private companies who, in cooperation with the government and through joint ventures with the local people, have set up horizontal projects which involve all aspects of manpower, equity capital, and profit-making development.

He raised the question of how to get private companies involved in this sort of thing and emphasized the modernization of distribution systems. Mr. Chafkin also emphasized that Title IX and the emphasis on food production and population control projects and popular participation are heading in the right direction because they involve people-to-people efforts. He mentioned there is a very high correlation between U.S. firms that have training programs and the cooperation between labor and management in these companies, which I believe supports what Mr. Keenan and some of the other representatives of labor mentioned during the symposium.

I think each one who participated in this conference did an excellent job by relating the many things that have already been done in the private sector in manpower development in his own field. However, I think our big problem in the next few years is to coordinate our efforts to work as a team in developing a total program.

* * * * *

Harold Davey, Area Specialist, Near East and South Asia,
Bureau of International Labor Affairs, Department of Labor

Significant manpower elements may be placed in four categories: training, employment, utilization of manpower, planning and administration. It seemed to me that the trade unions and cooperatives were very active in the categories of training and utilization of manpower.

It is logical that these voluntary organizations should have less effect on employment, planning and administration. The latter is usually a governmental rather than a voluntary institution function. Also it would be generally expected that private enterprise would be more effective than voluntary agencies in providing employment. With regard to CARE, it should be noted, however, that they do have a large group work program which I don't think was emphasized as much in the symposium as it might have been.

I should like to summarize the main points of some of the individual speakers. Mr. Legge pointed out that labor unions represent human resources. The more we develop trade unions, the more we contribute to development.

He indicated that illiterate union members don't have to know how to read to be able to vote and to take part in the democratic processes of their country and their trade unions. He also said that unions are great developers of manpower and that officials trained by the unions are oftentimes hired by the government. Trade unions can accelerate economic development by training their own officials, and through their policy recommendations have led in the encouragement of private involvement in Latin American countries. Democratic Peruvian Trade Unions have supported efforts to keep the petroleum industry of Peru in the private sector.

Private investment is obviously a major employment of manpower, and some unions are creating in their activities a climate to induce private investment to provide more jobs and more pay.

Mr. Legge said that their trade secretariat also learned that strikes are costly. I think this bears on the utilization of manpower, because when you have costly strikes, you derogate manpower improvements. He also stressed that there are many women graduates of their training program in Latin America, thus enhancing the utilization of womanpower through the union movement, and this is true in other areas of the world as well. Thus, unions and other voluntary organizations bring into economic activities this relatively unutilized manpower resource--womanpower.

Mr. Legge went into great detail on the training provided through the American Institute for Free Labor Development and the International Trade Secretariat seminars, and specifically how they arrange these programs. He emphasized programs begun by the Communications Workers of America in California, which contributed additional support for union organizers in Latin American unions. This is a completely private funded endeavor, and now every Communications Worker of America district is sponsoring a project in the Latin American or in the Caribbean area. He mentioned that the man who is sponsored by the U. S. union for such training makes regular reports to that union.

Mr. Herbert Fledderjohn maintained that cooperatives have an important and unique role in the manpower sector, that they depend on a continuous flow of manpower, and recognize they must development people or they will fail. Because of this recognition they are, in effect, a primary manpower institution.

He did not stress the economic contribution because he said that was too well known. In the manpower development sector he pointed out the cooperative is a training institution. Although no one has measured the training of community leaders that is taking place under Department auspices, he assured that they are a very large element.

The cooperatives are more effective than extension leaders in changing farming practices, but he did not give the evidence for this development. This would indicate that the voluntary sector in the U. S. would perhaps be more effective than the government and its resources.

Analagous to trade union training, cooperatives trained functionaries for various jobs in cooperative institutions, accounting and managerial jobs. Most of it is on-the-job training.

There are some formal training courses. He directed attention to a proposed project in India in which U. S. cooperatives would furnish $1 million in technical help in the design, construction, and operation of a major fertilizer complex, and from the manpower point of view the contracts would provide American assistance throughout the training period. Often American assistance has not taken full cognizance of the need to assist right through the training period. In this project, they will send forty-one American officials to India for five or six years in connection with the whole project, including the training.

He stressed that the cooperative's main purpose is to train Indian managers so that American advisors may eventually leave.

Mr. Fledderjohn also emphasized that Indian engineers are highly trained but lack operational and training experience. There is more to training a man for a job than just going through a training course. The training has to enable the man to go to work for the firm immediately; therefore, there is an emphasis on practical training.

Mr. Turner commented that one-fifth to one-sixth of the labor force in Peru is in the construction industry. He noted that several reports he had seen on how migrants and the urban poor get settled into jobs and city life indicate that the majority do so through the building construction industry which offers a high proportion of unskilled and short-term employment. This bears out a point made earlier that the private sector is the area that provides most of the employment.

He noted that the Presidents of Chile and Peru have pledged support to a popular cooperative program for helping the private sector build their own houses; the government's role would be to provide the people with tools and assistance to build their own houses. Thus, you have a mingling of the government assistance to the private sector, and you get a multiplier in terms of greater employment. However, he did not explain, at least to my satisfaction, just how this private squatter sector provided more employment. He mentioned earlier, that productivity of the do-it-yourself, be-your-own-sponsor-and-contractor method, is much greater than that of the established, officially organized institutions. You get twice as much value per investment in this housing. There is some question in my mind as to how the private squatter sector does provide the additional employment he indicated. However, he did show that it is more efficient for people to build a larger house. From the manpower point of view he also pointed out that the popular housing programs as contrasted to government public housing projects would create less of a cyclical demand for labor, that the huge government public housing projects would need large numbers of people for a relatively short time followed by a cessation of economic activity, whereas in the small scale private sector there would be a steady demand for labor and, therefore, less unemployment.

Myron Vent indicated that AID has learned that certain educational investments turned out to be too expensive, for example, literacy and primary education programs. Therefore, AID's educational activities are now concentrated in areas where you can get a multiplier effect. According to Mr. Vent, there are certain political benefits in some countries that make for disallocation or misallocation of educational resources; too much education in the primary area, too much at the university level, and not enough in-between.

He thought that manpower surveys undertaken in some countries would help to redirect the educational activities more effectively to meet manpower needs.

He pointed out that in many countries, 75 percent of the people that started in the educational system dropped out by the 4th grade. They thus become a major part of the labor force, but with only, at the most, three years of primary education.

Even in American programs overseas, such as the Peace Corps, 50 percent of the total assistance is in the education field, but of that, 83 percent is in primary and secondary education, and only 5 percent in technical and vocational fields.

I think the manpower point of view needs even greater attention than Dr. Vent indicated. The present undue emphasis on professional and university training and primary education leaves wide open the field of skill training, and he believes there should be greater assistance in this sector in the future.

He also noted that in vocational education the Germans sent instructors to the countries to which they provided technical assistance, and also provided the housing and the administration of the vocational center.

However, they are having a second look at these programs because the results of a survey indicated that only 20 percent of those trained in vocational schools continued in that field.

It is not that greater assistance in the field of technical vocational education is indicated, but that on-the-job training might be more effective. Does education really meet the needs of society? That is the question we have to keep asking ourselves.

Mr. Vent hoped that the cutback in AID overseas programs would provide a major opportunity for American industry to move into the manpower field.

In closing, Dr. Vent pointed out that two areas where the U.S. might consider changing policy was (1) the U.S. Government could assist U.S. firms to do more in the manpower field, particularly when using excess U.S. currency, (2) the United States when making loans, should consider including a clause for training of indigenous personnel.

Lew Earl was a discussant at this period, and he raised some very good questions. However, these questions were left unanswered. I would like to repeat them here because I think they should be explored in the future. For one thing, he spoke of what the United States is doing at home, and queried why should we not apply some of the underlying principles of our programs to the developing countries. For example, if the projection into the future of our U.S. goals is translated into manpower terms, they would require a labor force of some 100 million, but according to projected population growth we would only have a labor force of almost 90 million. This raises the question of whether we will have enough manpower to achieve our goals. This type of analysis should perhaps be used in the developing countries. They should ask themselves what are the long-range objectives ten years from now and whether they have enough manpower resources to achieve their economic goals.

In recent months and years, the President asked for the cooperation of U.S. firms in providing 100,000 jobs by 1969 and 500,000 by 1971, and the National Alliance of Business under the Chairmanship of Henry Ford was set up for this purpose. Could this be translated to the developing countries?

In the cooperative case panel, the Chairman, J. David McVoy, pointed out that eight American cooperative associations are involved in national activity and that in Fiscal Year 1967, they devoted 160 man-years in international activities in manpower development at their own expense.

Mr. Trumble, of the Cooperative League of the U.S.A., spoke of his organization's experience in India where, during fourteen years, the cooperatives had devoted some $800,000 of their own resources and had sent to India from one to a half dozen or more advisors from the U.S. One innovation they developed in India was the study circle technique for transferring skills. A manual was developed, and by using the manual some twenty individuals were trained to train others. About one hundred study circle leaders were trained through the use of this technique. I think the study circle technique should be explored further for possible application to other cooperatives.

In Latin America, however, Mr. Trumble indicated that the emphasis is now shifting to short, intensive programs rather than long-term programs such as those developed by the cooperatives for India.

The Cooperative League recently proposed to AID a seven-country project which would bring fifteen middle-level managers to the International Cooperative Training Center in Madison, Wisconsin, and he provided details on their selection.

He stressed that after these middle-level managers have been trained, the League will have a followup program with the organizations in each of the trainee's countries to evaluate their training. I think it is important to link the training in the U.S. to what they will do when they return to their home countries. But the fact that our private institutions are doing so well, and doing it so much more effectively because they are assisting institutions in Latin America, initially and again afterwards, leads me to conclude that private resources should be more effective than government since co-ops have direct links to institutions and are better equipped to do so.

He also emphasized the necessity for training in local institutions. Although the League sends participants to the United States for training, it is only done when participants cannot obtain such training in their own countries.

I believe he pointed out a truism, and one that bears repeating, that is, you do not develop local institutions if you train participants in the United States, and it should be our goal to develop local institutions.

The next speaker on the panel, Mr. Jack Dublin, worked on credit union training with Africans. He used a social training center to help give a two-week training program. Mr. Dublin found that it was possible to do much with little money. He trained 120 leaders with only $2,000 in materials. By the end of 1967, 169 credit unions with 22,000 members were established. Each of these credit unions has ten officers and usually one manager. Mr. Dublin believes that those who are officers and managers are going to be more active in community development and better village leaders. He recommends more flexibility in the AID programs in line with Mr. Carter's presentation of the first day.

The last speaker on that panel, John Ecklund, stressed that not enough attention is being given to middle-level manpower, particularly in agriculture. He said there are many women employed in agricultural development, and it is largely the men who are underemployed.

In many of these training programs the objectives should be spelled out very carefully in advance. Mr. Ecklund indicated training may be broken down into many aspects--the development of skills, attitudes, motivations, confidence, etc. I think these are areas that need further attention, perhaps in other seminars. According to Mr. Ecklund, most of our attention appears to be focused upon skills, but he believes attitude and confidence are also very important things. In the National Farmers Union training programs, people were selected on the basis of leadership positions, and he said that after the trainees returned home, 255 of 299 participants could be identified as "success stories." At first the trainees returned to their former employers but many later became regional and state leaders.

He mentioned three results of this training: (1) a more sophisticated idea of the process of change; (2) a better understanding of the process of action; (3) a better understanding of their own ability to influence and work with others.

* * * * *

Ealton Nelson, Manpower Advisor, Office of Labor Affairs, AID

When I was selected as the anchor man of this three-man relay to summarize the symposium, I anticipated that my two competent colleagues would adequately cover the summation before I had the opportunity to wind up this presentation. This has been the case.

There are a few points, however, that I can add to the summation made thus far. On the opening morning, following Mr. Carter's keynote address, Mr. Burnie Merson of the Office of Labor Affairs, AID, spoke about active manpower and employment policy in the private sector. He described the four principal components of such a policy. They are as follows: (1) development of the ability of the labor force; (2) helping create jobs to make the fullest use of these abilities; (3) linkage of men with jobs; and (4) improving worker productivity, well-being and dignity.

Mr. Chester Hepler, of the Department of Labor, a long-time career official of the International Labor Organization, and more recently Manpower Advisor to the Government of the Republic of China, focused his discussion on the difficulty of getting management and labor involved with the government in manpower planning in the less-developed countries.

The discussion highlighted the necessity of getting both labor and management in the private sector simply to accept the concept of involvement in government planning, a point that is already well established in the more developed nations.

During the discussion of the case histories, Mr. Dollard of IBM made a statement which has not been touched upon, and which I thought nicely summarized the point of view he was expressing. He said, "Technology can be imported, but technicians must be trained at home," and I believe this is a quotation well worth remembering.

The two previous speakers in this summation spoke of the discussions on agriculture and on the role of the private sector in agricultural development that took place during the symposium. I was left somewhat unsatisfied with this discussion. The question and answer period did not further develop or explore this subject and there appeared to be, therefore, a seeming indifference or lack of interest in labor's intensive activities in agriculture. Many of the speakers touched on the vast amount of underemployment in the agricultural sector and yet the role of the private sector and of most other manpower planning in agriculture has been almost entirely directed towards the question of agricultural productivity with little regard to what happens to the agricultural labor force. This was one of the unresolved and largely undiscussed questions during the symposium.

Highlighting the discussion of U.S. policies and programs was the presentation of AID as a catalyst. Mr. Toth provided an excellent discussion of the problems of popular presentation in development.

Mr. Verdu also presented an excellent case history which I think answered many of the questions that had been raised concerning the operations of the American Institute for Free Labor Development. He gave another "guidepost" for private sector manpower development: "A concept of jobs for people rather than work for machines."

Regarding the discussion of the voluntary organizations, I would like to mention a voluntary organization of manpower specialists who would have wished to participate at this symposium. However, it was not possible for them to do so because the national executive board of the organization was meeting at the same time we were. I am, of course, referring to the International Association of Personnel in Employment Security (IAPES) which has done a great deal through its professional meetings to help train the manpower experts of the developing countries. The IAPES President asked that IAPES' interest in the symposium be expressed and to give his regrets that he was unable to participate.

On the concluding day of the symposium I thought of the remark of the former President of India during his visit to Washington. He said, "We must always remember that man himself is an unfinished being."

* * * * *

Edgar McVoy, Director,
International Manpower Institute, Department of Labor

As Director of the Institute, I would like to say that this symposium has more than met our expectations by exploring avenues for the utilization of private resources to meet manpower and other objectives of our foreign aid programs. The symposium has also pointed the way for the generation of activity among the private sector and private resources of developing countries to work with their governments in economic development.

This, in my opinion, has been an area that most developing countries have long neglected. They have been preoccupied so much with central planning and public sector activities for economic development that many of them sorely neglected the stimulation and assistance needed by their own private resources.

The title of this symposium is somewhat misleading in that it leads to greater expectations than we can fulfill. However, all titles, particularly when they are made so brief, tend to somewhat distort the actual content or purpose of the program.

We do not pretend that we have given adequate coverage here to all types of private resources. We did have one presentation about voluntary organizations, and while that was an excellent summary of some of their activities and approaches we did not give play to some of the types of voluntary agencies that are very active in overseas programs. Thus, we deliberately excluded consideration of private or public educational institutions because there was very little time during the short symposium for adequate treatment. However, there has been a good deal of discussion on this subject, but in other contexts. Further, we had very limited representation from private philanthropic foundations. Because of the limited time, and partly because of the short planning period, we were unable to get the type of representation from such foundations as we had hoped.

In this symposium, we were concerned that the focus be kept on what we considered were some of the major manpower elements in development. This, I think, was fairly successful. Although the discussion was not always directly on manpower elements, it also illustrated that manpower problems and programs run through all facets of other phases of economic development and cannot be isolated or separated.

Now, of the four types of manpower elements which Mr. Davey mentioned, most attention was directed towards the first, that is, manpower training. I feel that we had a very interesting and largely adequate treatment of the contribution of many types of private resources to manpower training and development.

In the next category, the employment element or the creation of jobs, we had only a few rather sketchy illustrations of that, and I feel that the symposium did not adequately explore this aspect of manpower development. I think perhaps we need to pursue this subject further at some future symposium. Also, the matter of manpower utilization was given somewhat cursory treatment This topic was particularly emphasized by Mr. Merson in his presentation, and by some of the other panelists in the symposium, but again not as comprehensively as we would have wished it to be. With regard to manpower planning and administration, I feel that perhaps we didn't have sufficient coverage on this subject to get at the elements in which we were most interested.

I am particularly concerned about how business, labor, cooperatives and other private institutions can become involved in manpower planning domestically within foreign countries. For example, Turkey has made efforts to bring in representatives of business and labor into its central planning activity. This is, of course, but one aspect of such participation. Here again, I feel that perhaps some future program could further explore this point. Despite the concentration on the training element of the manpower picture, I feel that this has been an extremely worthwhile symposium with many--both anticipated and unexpected--contributions to a pioneering effort in this field.

It seems to me that there was an important challenge brought out by several of the speakers. For example, how U.S. assistance can be effective in utilizing private resources requires, as Mr. Carter indicated, drastic rethinking of our whole AID concept. A few institutions, some foundations, private businesses and AIFLD, are already demonstrating the way this can be done.

The British have a prototype which in some respects we could follow. The British Council, a quasi-public foundation, has been used by the British for many years for overseas education and training and in other activities. We must also find ways in which our country, the government, and the private sector can cooperate in various aspects of manpower development.

We hope there will be considerable followup of this symposium. A later conference with AID's Office of Private Resources has already been suggested by representatives of private business who were unable to have all their questions answered at this symposium. We hope this conference will take place. As far as this Institute and its sponsors are concerned, we have no special, specific ways in which we will follow-up, but I believe certain things are likely to happen. Last year we had a symposium on Manpower and the War on Hunger, and this year, our International Manpower Seminars have placed special emphasis on manpower aspects of agricultural and rural development. I would think there is a relationship there. I believe that in some of our future activities we will give special emphasis to the private resources element in manpower. Some people suggested that we should have representatives of developing countries involved. I think this stems perhaps from a lack of understanding of the purpose of this particular symposium, which was intended to bring American specialists together to discuss these issues. But, in our international seminars and through other means, I hope that these questions can be discussed with representatives of developing countries.

I want to thank everybody who attended and participated for his contribution, his attention, his pertinent questions and comments.

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